



# CITY OF IONIA

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008



*Vredeveld Haefner LLC*

**CITY OF IONIA**  
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## INDEPENDENT AUDITORS' REPORT

October 20, 2008

Honorable Mayor and Members of the City Council  
City of Ionia, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ionia, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Ionia, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Ionia, Michigan as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ionia's basic financial statements. The combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Vredeveld Haefner LLC*

## **Management's Discussion and Analysis**



As management for the City of Ionia, we offer readers of the City's financial statements this narrative of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and associated notes.

### **Financial Highlights**

The foregoing financial reports reflect the City's on-going goal of implementing sound financial processes in order to provide high quality services to City residents while recognizing the current economic challenges in the State of Michigan. The City has been able to combat these challenges through organizational changes, improved efficiencies, participation from represented employee union groups and prioritizing capital projects.

Of particular note during FY07-08 are the following:

- General Fund fund balance increased by almost \$100,000 over FY06-07 levels with fund balance now representing approximately 20% of annual General Fund expenditures.
- Due to increased income tax compliance efforts, the General Fund collected over \$200,000 more from this revenue source than originally anticipated when the FY07-08 General Fund budget was adopted.
- Income tax compliance efforts resulted in the City reducing its FY07-08 property millage rate by almost 1.00 mill. Streamlining expenses and a stable State Equalized Values for properties located in the City contributed to this reduction.
- No new debt was issued to support General Fund general operating activities. The City did borrow funds through the Ionia County Board of Public Works in order to continue efforts in replacing aging water and sewer infrastructure. These bonds will be retired utilizing revenues generated through water and sewer debt service fees.

Looking ahead, the City considered the following factors in preparing the FY08-09 budget:

- Continued income tax compliance efforts should result in additional revenues from this source.
- A slight increase in the millage rate over the FY07-08 level is anticipated in order to offset likely reductions in Fire Protection Grants from the State of Michigan. This revenue will be used to retire fire apparatus debt. The total millage levy for FY07-08 is 7.7992 mills, well below the Charter authorized rate of 15.75 mills.
- Increases in employee contributions towards the cost of health insurance premiums. With the start of the fiscal year, all City employees, union and non-union alike, now contribute towards the cost of their health insurance coverage.

- No new general operating debt is proposed. The City anticipates issuing bonds supported by water and sewer revenues in order to continue efforts in replacing aging water and sewer infrastructure. Only minor increases in utility and utility debt service rates were proposed.
- As in the past, the City continues to carefully monitor programs and services to provide the highest level of service while keeping expenses in line.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, public safety, public works including major and local street construction and maintenance, culture and recreation, capital outlay, and debt service activities. The business-type activities of the City include Dial-A-Ride, sewer and water services.

The government-wide financial statements include the City (the *primary government*) as well as the Downtown Development Authority, Local Development Finance Authority, and Brownfield Redevelopment Authority component units for which the City is financially accountable. Financial information for the component units is reported separately from the financial information for the primary government.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The City adopts an annual budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary funds.** The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Dial-a-Ride, sewer, water and theatre operations. The City uses an internal service fund to account for its central garage which provides vehicle rental and services to other city departments on a cost reimbursement basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Dial-A-Ride, sewer and water operations, each of which are considered to be major funds of the City. The internal service fund is included as a single column in the proprietary fund financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$22,626,377 at the close of the most recent fiscal year.

A portion of the City's net assets reflects unrestricted net assets which are available for future operations while a significant portion of net assets is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Net Assets

|                                   | Governmental Activities |                    | Business-type Activities |                     | Totals              |                     |
|-----------------------------------|-------------------------|--------------------|--------------------------|---------------------|---------------------|---------------------|
|                                   | <u>2008</u>             | <u>2007</u>        | <u>2008</u>              | <u>2007</u>         | <u>2008</u>         | <u>2007</u>         |
| Current and other assets          | \$1,845,103             | \$1,608,702        | \$3,383,641              | \$3,515,433         | \$ 5,228,744        | \$ 5,124,135        |
| Noncurrent assets                 | 11,323,081              | 11,949,965         | 28,260,432               | 27,890,487          | 39,583,513          | 39,840,452          |
| <b>Total assets</b>               | <b>13,168,184</b>       | <b>13,558,667</b>  | <b>31,644,073</b>        | <b>31,405,920</b>   | <b>44,812,257</b>   | <b>44,964,587</b>   |
|                                   |                         |                    |                          |                     |                     |                     |
| Long-term liabilities outstanding | 3,178,397               | 3,605,727          | 18,003,289               | 17,429,584          | 21,181,686          | 21,035,311          |
| Other liabilities                 | 530,964                 | 504,584            | 473,230                  | 478,846             | 1,004,194           | 983,430             |
| <b>Total liabilities</b>          | <b>3,709,361</b>        | <b>4,110,311</b>   | <b>18,476,519</b>        | <b>17,908,430</b>   | <b>22,185,880</b>   | <b>22,018,741</b>   |
|                                   |                         |                    |                          |                     |                     |                     |
| Net assets                        |                         |                    |                          |                     |                     |                     |
| Invested in capital assets, net   |                         |                    |                          |                     |                     |                     |
| of related debt                   | 8,528,949               | 8,751,232          | 6,893,878                | 5,617,381           | 15,422,827          | 14,368,613          |
| Restricted                        | 162,983                 | 250,794            | 550,000                  | 1,258,156           | 712,983             | 1,508,950           |
| Unrestricted                      | 766,891                 | 446,330            | 5,723,676                | 6,621,953           | 6,490,567           | 7,068,283           |
| <b>Total net assets</b>           | <b>\$9,458,823</b>      | <b>\$9,448,356</b> | <b>\$13,167,554</b>      | <b>\$13,497,490</b> | <b>\$22,626,377</b> | <b>\$22,945,846</b> |

Net assets of the City decreased by \$319,469 with business-type activities showing a decrease of \$329,936 from the prior year's balance. The business-type activities decrease was a result of losses in all enterprise funds with the largest loss (approximately \$200,000) recorded in the sewer fund.

### Summary of Activities

|                                | Governmental Activities |                  | Business-type Activities |                  | Totals            |                   |
|--------------------------------|-------------------------|------------------|--------------------------|------------------|-------------------|-------------------|
|                                | <u>2008</u>             | <u>2007</u>      | <u>2008</u>              | <u>2007</u>      | <u>2008</u>       | <u>2007</u>       |
| <b>Revenue</b>                 |                         |                  |                          |                  |                   |                   |
| Program revenue                |                         |                  |                          |                  |                   |                   |
| Charges for services           | \$ 1,196,859            | \$ 1,299,338     | \$3,829,664              | \$3,675,683      | \$5,026,523       | \$ 4,975,021      |
| Operating grants and           |                         |                  |                          |                  |                   |                   |
| Contributions                  | 689,272                 | 977,960          | 622,604                  | 626,317          | 1,311,876         | 1,604,277         |
| Capital grants and             |                         |                  |                          |                  |                   |                   |
| Contributions                  | 208,447                 | 91,369           | 246,740                  | 543,960          | 455,187           | 635,329           |
|                                |                         |                  |                          |                  |                   |                   |
| General revenue                |                         |                  |                          |                  |                   |                   |
| Property taxes                 | 799,484                 | 867,991          | 73,789                   | 70,515           | 873,273           | 938,506           |
| Income taxes                   | 1,880,761               | 1,721,606        | -                        | -                | 1,880,761         | 1,721,606         |
| Other governmental sources     | 1,034,735               | 938,678          | -                        | -                | 1,034,735         | 938,678           |
| Interest                       | 45,371                  | 24,478           | 91,218                   | 103,423          | 136,589           | 127,901           |
| Other                          | -                       | 242,921          | -                        | 171,760          | -                 | 414,681           |
| Gain on sale of capital assets | -                       | -                | -                        | 10,881           | -                 | 10,881            |
| Transfers                      | 59,615                  | 62,274           | (59,615)                 | (62,274)         | -                 | -                 |
| <b>Total revenue</b>           | <b>5,914,544</b>        | <b>6,226,615</b> | <b>4,804,400</b>         | <b>5,140,265</b> | <b>10,718,944</b> | <b>11,366,880</b> |



## Expenses

|                                     |                    |                    |                     |                     |                     |                     |
|-------------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| General government                  | 1,132,409          | 1,797,486          | -                   | -                   | 1,132,409           | 1,797,486           |
| Public safety                       | 2,397,972          | 1,799,558          | -                   | -                   | 2,397,972           | 1,799,558           |
| Public works                        | 1,725,913          | 1,787,937          | -                   | -                   | 1,725,913           | 1,787,937           |
| Health and welfare                  | -                  | 33,885             | -                   | -                   | -                   | 33,885              |
| Community and economic development  | -                  | 41,578             | -                   | -                   | -                   | 41,578              |
| Culture and recreation              | 473,280            | 472,311            | -                   | -                   | 473,280             | 472,311             |
| Interest                            | 174,503            | 91,552             | -                   | -                   | 174,503             | 91,552              |
| Dial-a-Ride                         | -                  | -                  | 841,633             | 732,823             | 841,633             | 732,823             |
| Sewer                               | -                  | -                  | 2,187,258           | 2,111,515           | 2,187,258           | 2,111,515           |
| Water                               | -                  | -                  | 1,792,218           | 1,999,802           | 1,792,218           | 1,999,802           |
| Theatre                             | -                  | -                  | 313,227             | 291,950             | 313,227             | 291,950             |
| <b>Total expenses</b>               | <b>5,904,077</b>   | <b>6,024,307</b>   | <b>5,134,336</b>    | <b>5,136,090</b>    | <b>11,038,413</b>   | <b>11,160,397</b>   |
| Increase(decrease) in net assets    | 10,467             | 202,308            | (329,936)           | 4,175               | (319,469)           | 206,483             |
| <b>Net assets-beginning of year</b> | <b>9,448,356</b>   | <b>9,246,048</b>   | <b>13,497,490</b>   | <b>13,493,315</b>   | <b>22,945,846</b>   | <b>22,739,363</b>   |
| <b>Net assets end of year</b>       | <b>\$9,458,823</b> | <b>\$9,448,356</b> | <b>\$13,167,554</b> | <b>\$13,497,490</b> | <b>\$22,626,377</b> | <b>\$22,945,846</b> |

**Governmental Activities.** During the year the City invested \$2,397,972 or 40% of governmental activities expenses in public safety. Public Works, which includes major and local streets was \$1,725,913 or 29% of governmental activities expenses while general government, culture and recreation and interest on long-term debt made up the remaining 31% of governmental activities expenses.

**Business-type Activities.** Business-type activities decreased the City's net assets by \$329,936, accounting for 100% of the total reduction in the City's net assets for the current year. By comparison, business-type activities reported a slight increase in net assets the previous fiscal year.

## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,138,232, an increase of \$127,429 in comparison with the prior year. Of the \$1,138,232, \$725,192 is reported in the general fund as unreserved and undesignated. The remaining amount of fund balance is reported in various funds as unreserved or reserved for certain uses such as street construction and maintenance, solid waste, recreation and construction.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$725,192 which is equal to total fund balance. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 21.0% of total general fund expenditures.

The fund balance of the City's general fund increased by \$96,932 during the current fiscal year.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$5,723,676. The proprietary funds had decrease in net assets for the year of \$329,936. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounted to \$34,634,163 (net of accumulated depreciation).

The City's Capital Assets (net of depreciation) are summarized as follows:

| <b>Capital Assets</b>                      |   |  |                     |
|--|---|--|---------------------|
|  | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-type<br/>Activities</u></b> | <b><u>Total</u></b> |
| Land                                       | \$ 238,370                                | \$ 1,219,180                               | \$ 1,457,550        |
| Construction in progress                   | -   | 719,063                                    | 719,063             |
| Buildings, Equipment and<br>Infrastructure | 11,084,711                                | 21,372,839                                 | 32,457,550          |
| <b>Total</b>                               | <b>\$11,323,081</b>                       | <b>\$23,311,082</b>                        | <b>\$34,634,163</b> |

Additional information on the City of Ionia capital assets can be found in Note 8 of these financial statements.

**Debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$21,181,685 summarized as follows:

| <b>Long-term Debt</b>     |   |  |                     |
|---------------------------|---|--|---------------------|
|                           | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-type<br/>Activities</u></b> | <b><u>Total</u></b> |
| Accrued employee benefits | \$ 384,265                                | \$ 89,346                                  | \$ 473,611          |
| Installment purchases     | 544,132                                   | 249,193                                    | 793,325             |
| Bonds payable             | 2,250,000                                 | 17,664,750                                 | 19,914,750          |
| <b>Total</b>              | <b>\$3,178,397</b>                        | <b>\$18,003,289</b>                        | <b>\$21,181,686</b> |

The City issued a bond payable of \$1,500,000 and made debt payments totaling \$1,509,462 during the year. Additional information on the City's long-term debt can be found in Note 10 of these financial statements.

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Robin Marhofer, Finance Director, at (616) 527-4170, extension 120 or via e-mail: [rmarhofer@ci.ionia.mi.us](mailto:rmarhofer@ci.ionia.mi.us) or Jason Eppler, City Manager, at extension 223, or via e-mail: [jeppler@ci.ionia.mi.us](mailto:jeppler@ci.ionia.mi.us).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF IONIA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

|   | Primary Government         |                             |                     | Component Units                      |                                     |  |
|---|----------------------------|-----------------------------|---------------------|--------------------------------------|-------------------------------------|--|
|   |                            |                             | Total               | Downtown<br>Development<br>Authority | Local                               |  |
|   | Governmental<br>Activities | Business-Type<br>Activities |                     |                                      | Development<br>Finance<br>Authority | Brownfield<br>Redevelopment<br>Authority |
| <b>Assets</b>                                   |                            |                             |                     |                                      |                                     |  |
| Cash and pooled investments                     | \$ 436,517                 | \$ 356,361                  | \$ 792,878          | \$ -                                 | \$ 4,117                            | \$ 505                                   |
| Accounts receivable                             | 538,955                    | 1,226,006                   | 1,764,961           | 12,162                               | -                                   | -  |
| Prepaid items                                   | 73,821                     | -                           | 73,821              | -                                    | -                                   | -  |
| Due from other governments                      | 325,612                    | 2,227,953                   | 2,553,565           | -                                    | -                                   | -  |
| Internal balances                               | 470,198                    | (470,198)                   | -                   | -                                    | -                                   | -  |
| Inventory                                       | -                          | 43,519                      | 43,519              | -                                    | -                                   | -  |
| Noncurrent                                      |                            |                             |                     |                                      |                                     |  |
| Restricted cash and pooled investments          | -                          | 550,000                     | 550,000             | -                                    | -                                   | -  |
| Contracts receivable                            | -                          | 4,399,350                   | 4,399,350           | -                                    | -                                   | -  |
| Land  | 238,370                    | 1,219,180                   | 1,457,550           | 375,256                              | -                                   | -  |
| Construction in progress                        | -                          | 719,063                     | 719,063             | -                                    | -                                   | -  |
| Depreciable capital assets, net                 | 11,084,711                 | 21,372,839                  | 32,457,550          | -                                    | -                                   | -  |
| <b>Total assets</b>                             | <b>13,168,184</b>          | <b>31,644,073</b>           | <b>44,812,257</b>   | <b>387,418</b>                       | <b>4,117</b>                        | <b>505</b>                               |
| <b>Liabilities</b>                              |                            |                             |                     |                                      |                                     |  |
| Accounts payable                                | 333,440                    | 144,658                     | 478,098             | 3,854                                | 3,970                               | -  |
| Accrued liabilities                             | 158,054                    | 323,292                     | 481,346             | 28,348                               | -                                   | -  |
| Unearned revenue                                | 39,470                     | 5,280                       | 44,750              | 9,818                                | -                                   | -  |
| Due to other governments                        | -                          | -                           | -                   | 312,276                              | -                                   | -  |
| Noncurrent liabilities                          |                            |                             |                     |                                      |                                     |  |
| Compensated absences                            | 384,265                    | 89,346                      | 473,611             | 4,114                                | -                                   | -  |
| Issuance/refunding costs                        | -                          | -                           | -                   | 282,390                              | -                                   | -  |
| Due within one year                             | 408,340                    | 261,750                     | 670,090             | 535,000                              | -                                   | -  |
| Due in more than one year                       | 2,385,792                  | 17,652,193                  | 20,037,985          | 3,280,000                            | 764,976                             | -  |
| <b>Total liabilities</b>                        | <b>3,709,361</b>           | <b>18,476,519</b>           | <b>22,185,880</b>   | <b>4,455,800</b>                     | <b>768,946</b>                      | <b>-</b>                                 |
| <b>Net assets (deficit)</b>                     |                            |                             |                     |                                      |                                     |  |
| Invested in capital assets, net of related debt | 8,528,949                  | 6,893,878                   | 15,422,827          | 375,256                              | -                                   | -  |
| Restricted for                                  |                            |                             |                     |                                      |                                     |  |
| Capital improvements                            | 93,245                     | -                           | 93,245              | -                                    | -                                   | -  |
| Major streets                                   | 26,542                     | -                           | 26,542              | -                                    | -                                   | -  |
| Local streets                                   | 33,429                     | -                           | 33,429              | -                                    | -                                   | -  |
| Public safety                                   | 9,767                      | -                           | 9,767               | -                                    | -                                   | -  |
| Debt service                                    | -                          | 550,000                     | 550,000             | -                                    | -                                   | -  |
| Unrestricted (deficit)                          | 766,891                    | 5,723,676                   | 6,490,567           | (4,443,638)                          | (764,829)                           | 505                                      |
| <b>Total net assets (deficit)</b>               | <b>\$ 9,458,823</b>        | <b>\$ 13,167,554</b>        | <b>\$22,626,377</b> | <b>\$ (4,068,382)</b>                | <b>\$ (764,829)</b>                 | <b>\$ 505</b>                            |

The accompanying notes are an integral part of these financial statements.

# CITY OF IONIA

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2008**

| <u>Functions/Programs</u>           | <u>Expenses</u>      | <u>Program Revenues</u>         |   |   | <u>Net (Expense)<br/>Revenue</u> |
|-------------------------------------|----------------------|---------------------------------|---|---|----------------------------------|
|                                     |                      | <u>Charges<br/>for Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |                                  |
| <b>Primary government</b>           |                      |                                 |   |   |                                  |
| Governmental activities             |                      |                                 |   |   |                                  |
| General government                  | \$ 1,132,409         | \$ 752,973                      | \$ -  | \$ -  | \$ (379,436)                     |
| Public safety                       | 2,397,972            | 122,250                         | 14,518  | -   | (2,261,204)                      |
| Public works and streets            | 1,725,913            | 232,364                         | 670,931   | 208,447   | (614,171)                        |
| Culture and recreation              | 473,280              | 89,272                          | 3,823   | -   | (380,185)                        |
| Interest on long-term debt          | 174,503              | -                               | -   | -   | (174,503)                        |
| Total governmental activities       | <u>5,904,077</u>     | <u>1,196,859</u>                | <u>689,272</u>                                    | <u>208,447</u>                                  | <u>(3,809,499)</u>               |
| Business-type activities            |                      |                                 |   |   |                                  |
| Dial-a-Ride                         | 841,633              | 108,237                         | 567,049   | 29,274  | (137,073)                        |
| Sewer                               | 2,187,258            | 1,994,307                       | -   | 22,606  | (170,345)                        |
| Water                               | 1,792,218            | 1,495,289                       | -   | 194,860   | (102,069)                        |
| Theatre                             | 313,227              | 231,831                         | 55,555  | -   | (25,841)                         |
| Total business-type activities      | <u>5,134,336</u>     | <u>3,829,664</u>                | <u>622,604</u>                                    | <u>246,740</u>                                  | <u>(435,328)</u>                 |
| <b>Total primary government</b>     | <u>\$ 11,038,413</u> | <u>\$ 5,026,523</u>             | <u>\$ 1,311,876</u>                               | <u>\$ 455,187</u>                               | <u>\$ (4,244,827)</u>            |
| <b>Component units</b>              |                      |                                 |   |   |                                  |
| Downtown Development Authority      | \$ 898,603           | \$ 19,476                       | \$ -  | \$ -  | \$ (879,127)                     |
| Local Development Finance Authority | 38,194               | -                               | -   | -   | (38,194)                         |
| Brownfield Redevelopment Authority  | 29,606               | -                               | -   | -   | (29,606)                         |
| <b>Total component units</b>        | <u>\$ 966,403</u>    | <u>\$ 19,476</u>                | <u>\$ -</u>                                       | <u>\$ -</u>                                     | <u>\$ (946,927)</u>              |

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Primary Government         |                             |                      | Component Units                      |                                     |  |
|---|----------------------------|-----------------------------|----------------------|--------------------------------------|-------------------------------------|--|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                | Downtown<br>Development<br>Authority | Local                               |  |
|   |                            |                             |                      |                                      | Development<br>Finance<br>Authority | Brownfield<br>Redevelopment<br>Authority |
| <b>Changes in net assets</b>                                    |                            |                             |                      |                                      |                                     |  |
| <b>Net (expense) revenue</b>                                    | \$ (3,809,499)             | \$ (435,328)                | \$ (4,244,827)       | \$ (879,127)                         | \$ (38,194)                         | \$ (29,606)                              |
| General revenues  |                            |                             |                      |                                      |                                     |  |
| Property taxes  |                            |                             |                      |                                      |                                     |  |
| General operating   | 385,789                    | -                           | 385,789              | 1,077,320                            | 15,179                              | 29,606                                   |
| Restricted  | 413,695                    | 73,789                      | 487,484              | -                                    | -                                   | -  |
| Income taxes  | 1,880,761                  | -                           | 1,880,761            | -                                    | -                                   | -  |
| State shared revenues - unrestricted                            | 1,034,735                  | -                           | 1,034,735            | -                                    | -                                   | -  |
| Interest  | 45,371                     | 91,218                      | 136,589              | 1,533                                | 561                                 | 320                                      |
| Transfers - internal activities                                 | 59,615                     | (59,615)                    | -                    | -                                    | -                                   | -  |
| Total general revenues and transfers                            | <u>3,819,966</u>           | <u>105,392</u>              | <u>3,925,358</u>     | <u>1,078,853</u>                     | <u>15,740</u>                       | <u>29,926</u>                            |
| Change in net assets  | 10,467                     | (329,936)                   | (319,469)            | 199,726                              | (22,454)                            | 320                                      |
| <b>Net assets (deficit), beginning of year,<br/>as restated</b> | <u>9,448,356</u>           | <u>13,497,490</u>           | <u>22,945,846</u>    | <u>(4,268,108)</u>                   | <u>(742,375)</u>                    | <u>185</u>                               |
| <b>Net assets (deficit), end of year</b>                        | <u>\$ 9,458,823</u>        | <u>\$ 13,167,554</u>        | <u>\$ 22,626,377</u> | <u>\$ (4,068,382)</u>                | <u>\$ (764,829)</u>                 | <u>\$ 505</u>                            |

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**  
**GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2008**

|  | <u>General</u>      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|--|---------------------|--|---------------------|
| <b>Assets</b>                              |                     |  |                     |
| Cash and pooled investments                | \$ 13,579           | \$ 249,436                                 | \$ 263,015          |
| Accounts receivable                        | 337,494             | 182,523                                    | 520,017             |
| Prepaid items                              | 72,368              | 1,453                                      | 73,821              |
| Due from other funds                       | 397,011             | 90,671                                     | 487,682             |
| Due from other governments                 | <u>214,694</u>      | <u>110,918</u>                             | <u>325,612</u>      |
| <b>Total assets</b>                        | <u>\$ 1,035,146</u> | <u>\$ 635,001</u>                          | <u>\$ 1,670,147</u> |
| <b>Liabilities and fund balances</b>       |                     |  |                     |
| <b>Liabilities</b>                         |                     |  |                     |
| Accounts payable                           | \$ 206,153          | \$ 118,439                                 | \$ 324,592          |
| Accrued liabilities                        | 65,206              | 11,310                                     | 76,516              |
| Due to other funds                         | -                   | 80,105                                     | 80,105              |
| Deferred revenue                           | <u>38,595</u>       | <u>12,107</u>                              | <u>50,702</u>       |
| <b>Total liabilities</b>                   | <u>309,954</u>      | <u>221,961</u>                             | <u>531,915</u>      |
| <b>Fund balances</b>                       |                     |  |                     |
| Unreserved                                 |                     |  |                     |
| Undesignated                               | 725,192             | -  | 725,192             |
| Undesignated reported in nonmajor          |                     |  |                     |
| Special revenue funds                      | -                   | 80,707                                     | 80,707              |
| Capital projects funds                     | -                   | 332,333                                    | 332,333             |
| Debt service funds                         | <u>-</u>            | <u>-</u>                                   | <u>-</u>            |
| <b>Total fund balances</b>                 | <u>725,192</u>      | <u>413,040</u>                             | <u>1,138,232</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 1,035,146</u> | <u>\$ 635,001</u>                          | <u>\$ 1,670,147</u> |

The accompanying notes are an integral part of these financial statements.

# CITY OF IONIA

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2008

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|   |                     |
|---|---------------------|
| <b>Fund balances - total governmental funds</b> | <b>\$ 1,138,232</b> |
|---|---------------------|

Amounts reported for *governmental activities* in the statement of net assets are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

|  |            |
|--|------------|
| Add - land   | 238,370    |
| Add - capital assets (net of accumulated depreciation) | 10,513,524 |

Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

|                                      |        |
|--------------------------------------|--------|
| Add - special assessments receivable | 11,232 |
|--------------------------------------|--------|

An internal service fund is used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

|   |         |
|---|---------|
| Add - net assets of governmental activities accounted for in the internal service funds | 738,934 |
|---|---------|

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

|   |                 |
|---|-----------------|
| Deduct - compensated absences payable     | (373,341)       |
| Deduct - debt payable                     | (2,745,792)     |
| Deduct - accrued interest on debt payable | <u>(62,336)</u> |

|  |                            |
|--|----------------------------|
| <b>Net assets of governmental activities</b> | <b><u>\$ 9,458,823</u></b> |
|--|----------------------------|

The accompanying notes are an integral part of these financial statements.



# CITY OF IONIA

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

|   | <u>General</u>    | Nonmajor<br>Governmental<br><u>Funds</u> | <u>Total</u>        |
|---|-------------------|--|---------------------|
| <b>Revenues</b>                         |                   |  |                     |
| Property taxes                          | \$ 385,789        | \$ 413,695                               | \$ 799,484          |
| Income taxes                            | 1,880,761         | -  | 1,880,761           |
| Intergovernmental revenues              |                   |  |                     |
| State                                   | 1,042,443         | 592,497                                  | 1,634,940           |
| Local                                   | -                 | 184,037                                  | 184,037             |
| Licenses and permits                    | 8,112             | -  | 8,112               |
| Charges for services                    | 669,309           | 287,167                                  | 956,476             |
| Fines                                   | 49,886            | -  | 49,886              |
| Interest                                | 42,239            | 126                                      | 42,365              |
| Donations                               | 4,783             | 6,616                                    | 11,399              |
| Miscellaneous                           | 152,078           | 35,138                                   | 187,216             |
| <b>Total revenues</b>                   | <u>4,235,400</u>  | <u>1,519,276</u>                         | <u>5,754,676</u>    |
| <b>Expenditures</b>                     |                   |  |                     |
| Current                                 |                   |  |                     |
| General government                      | 1,120,916         | -  | 1,120,916           |
| Public safety                           | 2,163,488         | 4,955                                    | 2,168,443           |
| Public works and streets                | 75,982            | 1,229,105                                | 1,305,087           |
| Health and welfare                      | 33,885            | -  | 33,885              |
| Community and economic development      | 17,534            | -  | 17,534              |
| Culture and recreation                  | 7,798             | 339,734                                  | 347,532             |
| Capital Outlay                          | -                 | 199,466                                  | 199,466             |
| Debt service                            |                   |  |                     |
| Principal                               | 10,000            | 330,000                                  | 340,000             |
| Interest                                | 21,139            | 157,993                                  | 179,132             |
| <b>Total expenditures</b>               | <u>3,450,742</u>  | <u>2,261,253</u>                         | <u>5,711,995</u>    |
| Revenues over (under) expenditures      | <u>784,658</u>    | <u>(741,977)</u>                         | <u>42,681</u>       |
| Other financing sources (uses)          |                   |  |                     |
| Transfers in                            | 7,200             | 862,053                                  | 869,253             |
| Transfers out                           | (694,926)         | (89,579)                                 | (784,505)           |
| Total other financing sources (uses)    | <u>(687,726)</u>  | <u>772,474</u>                           | <u>84,748</u>       |
| Net changes in fund balances            | 96,932            | 30,497                                   | 127,429             |
| <b>Fund balances, beginning of year</b> | <u>628,260</u>    | <u>382,543</u>                           | <u>1,010,803</u>    |
| <b>Fund balances, end of year</b>       | <u>\$ 725,192</u> | <u>\$ 413,040</u>                        | <u>\$ 1,138,232</u> |

The accompanying notes are an integral part of these financial statements.

# CITY OF IONIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

---

|   |            |
|---|------------|
| Net changes in fund balances - total governmental funds | \$ 127,429 |
|---|------------|

Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

|                               |           |
|-------------------------------|-----------|
| Add - capital outlay          | 413,374   |
| Deduct - depreciation expense | (951,128) |

Contract receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

|                                      |         |
|--------------------------------------|---------|
| Deduct - special assessment receipts | (4,507) |
|--------------------------------------|---------|

Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

|  |         |
|--|---------|
| Add - principal payments on long-term debt | 340,000 |
|--|---------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

|  |        |
|--|--------|
| Add - decrease in compensated absences | 22,602 |
| Add - decrease in accrued interest     | 4,628  |

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

|  |               |
|--|---------------|
| Add - net income from the internal service funds | <u>58,069</u> |
|--|---------------|

|   |                  |
|---|------------------|
| Change in net assets of governmental activities | <u>\$ 10,467</u> |
|---|------------------|

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | <u>Budget Amounts</u> |                   | <u>Actual</u>     | <u>Variance</u>                      |
|---|-----------------------|-------------------|-------------------|--------------------------------------|
|   | <u>Original</u>       | <u>Final</u>      | <u>Amount</u>     | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                             |                       |                   |                   |                                      |
| Property taxes                              | \$ 501,200            | \$ 406,500        | \$ 385,789        | \$ (20,711)                          |
| Income taxes                                | 1,600,000             | 1,770,000         | 1,880,761         | 110,761                              |
| Intergovernmental revenues                  |                       |                   |                   |                                      |
| State                                       | 882,500               | 894,500           | 1,042,443         | 147,943                              |
| Licenses and permits                        | 25,800                | 6,925             | 8,112             | 1,187                                |
| Charges for services                        | 695,000               | 670,875           | 669,309           | (1,566)                              |
| Fines                                       | 46,750                | 46,750            | 49,886            | 3,136                                |
| Interest                                    | 7,000                 | 20,000            | 42,239            | 22,239                               |
| Donations                                   | -                     | 4,780             | 4,783             | 3                                    |
| Miscellaneous                               | 128,750               | 143,300           | 152,078           | 8,778                                |
| <b>Total revenues</b>                       | <u>3,887,000</u>      | <u>3,963,630</u>  | <u>4,235,400</u>  | <u>271,770</u>                       |
| <b>Expenditures</b>                         |                       |                   |                   |                                      |
| Current                                     |                       |                   |                   |                                      |
| General government                          | 1,728,450             | 1,109,350         | 1,120,916         | (11,566)                             |
| Public safety                               | 1,525,680             | 2,180,855         | 2,163,488         | 17,367                               |
| Public works and streets                    | 69,750                | 85,750            | 75,982            | 9,768                                |
| Health and welfare                          | 33,885                | 33,885            | 33,885            | -                                    |
| Community and economic development          | 16,800                | 19,800            | 17,534            | 2,266                                |
| Culture and recreation                      | 8,025                 | 9,250             | 7,798             | 1,452                                |
| Debt service                                |                       |                   |                   |                                      |
| Principal                                   | 10,000                | 10,000            | 10,000            | -                                    |
| Interest and fiscal charges                 | 20,200                | 22,000            | 21,139            | 861                                  |
| <b>Total expenditures</b>                   | <u>3,412,790</u>      | <u>3,470,890</u>  | <u>3,450,742</u>  | <u>20,148</u>                        |
| <b>Revenues over (under) expenditures</b>   | <u>474,210</u>        | <u>492,740</u>    | <u>784,658</u>    | <u>291,918</u>                       |
| Other financing sources (uses)              |                       |                   |                   |                                      |
| Transfers in                                | -                     | 7,200             | 7,200             | -                                    |
| Transfers out                               | (463,200)             | (698,200)         | (694,926)         | 3,274                                |
| <b>Total other financing sources (uses)</b> | <u>(463,200)</u>      | <u>(691,000)</u>  | <u>(687,726)</u>  | <u>3,274</u>                         |
| <b>Net changes in fund balance</b>          | <u>11,010</u>         | <u>(198,260)</u>  | <u>96,932</u>     | <u>295,192</u>                       |
| <b>Fund balance, beginning of year</b>      | <u>628,260</u>        | <u>628,260</u>    | <u>628,260</u>    | <u>-</u>                             |
| <b>Fund balance, end of year</b>            | <u>\$ 639,270</u>     | <u>\$ 430,000</u> | <u>\$ 725,192</u> | <u>\$ 295,192</u>                    |

The accompanying notes are an integral part of these financial statements.

# CITY OF IONIA

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS

JUNE 30, 2008

|  | Enterprise Funds |             |              |                    |                       | Governmental Activities           |
|--|------------------|-------------|--------------|--------------------|-----------------------|-----------------------------------|
|  |                  |             |              |                    |                       | Internal Service (Central Garage) |
| Assets   | Dial-A-Ride      | Sewer       | Water        | Nonmajor (Theatre) | Enterprise Fund Total |                                   |
| Current assets                                   |                  |             |              |                    |                       |                                   |
| Cash and pooled investments                      | \$ 54,320        | \$ -        | \$ 302,041   | \$ -               | \$ 356,361            | \$ 173,502                        |
| Accounts receivable                              | 10,666           | 477,438     | 737,691      | 211                | 1,226,006             | 18,938                            |
| Due from other funds                             | -                | -           | -            | -                  | -                     | 62,621                            |
| Due from other governments                       | 315,408          | 851,899     | 1,060,646    | -                  | 2,227,953             | -                                 |
| Inventory  | -                | -           | 43,519       | -                  | 43,519                | -                                 |
| Total current assets                             | 380,394          | 1,329,337   | 2,143,897    | 211                | 3,853,839             | 255,061                           |
| Noncurrent assets                                |                  |             |              |                    |                       |                                   |
| Restricted cash and pooled investments           | -                | -           | 550,000      | -                  | 550,000               | -                                 |
| State contracts receivable                       | -                | 576,850     | 3,822,500    | -                  | 4,399,350             | -                                 |
| Land   | 25,000           | 475,893     | 671,395      | 46,892             | 1,219,180             | -                                 |
| Construction in progress                         | -                | 359,532     | 359,531      | -                  | 719,063               | -                                 |
| Land improvements                                | -                | -           | 8,564        | -                  | 8,564                 | -                                 |
| Buildings and infrastructure                     | 1,587,623        | 4,122,888   | 17,107,499   | 1,050,713          | 23,868,723            | 573,567                           |
| Machinery and equipment                          | 324,554          | 2,509,565   | 3,226,493    | 163,651            | 6,224,263             | 30,619                            |
| Vehicles   | 874,070          | -           | 29,380       | -                  | 903,450               | 1,548,779                         |
| Less accumulated depreciation                    | (1,368,579)      | (2,059,841) | (5,628,144)  | (575,597)          | (9,632,161)           | (1,581,778)                       |
| Total noncurrent assets                          | 1,442,668        | 5,984,887   | 20,147,218   | 685,659            | 28,260,432            | 571,187                           |
| Total assets                                     | 1,823,062        | 7,314,224   | 22,291,115   | 685,870            | 32,114,271            | 826,248                           |
| Liabilities                                      |                  |             |              |                    |                       |                                   |
| Accounts payable                                 | 18,820           | 24,793      | 90,902       | 10,143             | 144,658               | 8,848                             |
| Accrued liabilities                              | 9,096            | 124,605     | 187,513      | 2,078              | 323,292               | 19,202                            |
| Due to other funds                               | -                | 444,350     | -            | 25,848             | 470,198               | -                                 |
| Unearned revenue                                 | 5,280            | -           | -            | -                  | 5,280                 | -                                 |
| Current portion of long-term debt                | -                | 92,900      | 168,850      | -                  | 261,750               | 48,340                            |
| Total current liabilities                        | 33,196           | 686,648     | 447,265      | 38,069             | 1,205,178             | 76,390                            |
| Long-term liabilities                            |                  |             |              |                    |                       |                                   |
| Compensated absences                             | 51,743           | 18,475      | 19,128       | -                  | 89,346                | 10,924                            |
| Bonds payable, net of current portion            | 249,193          | 4,959,350   | 12,443,650   | -                  | 17,652,193            | -                                 |
| Total long-term liabilities                      | 300,936          | 4,977,825   | 12,462,778   | -                  | 17,741,539            | 10,924                            |
| Total liabilities                                | 334,132          | 5,664,473   | 12,910,043   | 38,069             | 18,946,717            | 87,314                            |
| Net assets                                       |                  |             |              |                    |                       |                                   |
| Investment in capital assets net of related debt | 1,193,475        | 1,104,156   | 3,910,588    | 685,659            | 6,893,878             | 522,847                           |
| Restricted for debt service                      | -                | -           | 550,000      | -                  | 550,000               | -                                 |
| Unrestricted (deficit)                           | 295,455          | 545,595     | 4,920,484    | (37,858)           | 5,723,676             | 216,087                           |
| Total net assets                                 | \$1,488,930      | \$1,649,751 | \$ 9,381,072 | \$ 647,801         | \$13,167,554          | \$ 738,934                        |

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Enterprise Funds    |                     |                     |                    | Enterprise Fund Total | Governmental Activities Internal Service (Central Garage) |
|---|---------------------|---------------------|---------------------|--------------------|-----------------------|---|
|   | Dial-A-Ride         | Sewer               | Water               | Nonmajor (Theatre) |                       |   |
| <b>Operating revenue</b>                          |                     |                     |                     |                    |                       |   |
| Charges for services                              | \$ 108,237          | \$ 1,989,067        | \$ 1,469,769        | \$ 231,831         | \$ 3,798,904          | \$ 1,185,727  |
| Property tax                                      | 73,789              | -                   | -                   | -                  | 73,789                | -   |
| Other   | 40,417              | 5,240               | 25,520              | 5,555              | 76,732                | 17,240  |
| <b>Total operating revenue</b>                    | <b>222,443</b>      | <b>1,994,307</b>    | <b>1,495,289</b>    | <b>237,386</b>     | <b>3,949,425</b>      | <b>1,202,967</b>  |
| <b>Operating expense</b>                          |                     |                     |                     |                    |                       |   |
| Personnel services                                | 310,610             | 52,319              | 124,425             | 48,344             | 535,698               | 548,083   |
| Contractual services                              | 146,796             | 1,170,933           | 220,219             | 103,593            | 1,641,541             | 62,173  |
| Benefits  | 96,279              | 49,923              | 95,158              | 4,274              | 245,634               | 220,279   |
| Materials and supplies                            | 58,487              | 31,907              | 65,490              | 39,170             | 195,054               | 66,639  |
| Utilities   | 32,276              | -                   | 103,175             | 36,789             | 172,240               | 15,805  |
| Repair and maintenance                            | 14,177              | -                   | -                   | 37,110             | 51,287                | 69,206  |
| Equipment rentals                                 | 333                 | 71,468              | 70,705              | -                  | 142,506               | 27,507  |
| Depreciation                                      | 157,101             | 94,086              | 564,135             | 43,026             | 858,348               | 109,536   |
| Miscellaneous                                     | -                   | -                   | -                   | 921                | 921                   | 36  |
| <b>Total operating expense</b>                    | <b>816,059</b>      | <b>1,470,636</b>    | <b>1,243,307</b>    | <b>313,227</b>     | <b>3,843,229</b>      | <b>1,119,264</b>  |
| <b>Operating income (loss)</b>                    | <b>(593,616)</b>    | <b>523,671</b>      | <b>251,982</b>      | <b>(75,841)</b>    | <b>106,196</b>        | <b>83,703</b>   |
| <b>Non-operating revenue (expense)</b>            |                     |                     |                     |                    |                       |   |
| Federal grants                                    | 226,402             | -                   | -                   | -                  | 226,402               | -   |
| State grants                                      | 329,504             | -                   | -                   | 50,000             | 379,504               | -   |
| State contract payment                            | -                   | 22,606              | 194,860             | -                  | 217,466               | -   |
| Interest income                                   | 2,373               | (4,876)             | 92,697              | 1,024              | 91,218                | 1,916   |
| Interest expense                                  | (25,574)            | (716,622)           | (548,911)           | -                  | (1,291,107)           | (2,417)   |
| <b>Total non-operating revenue (expense)</b>      | <b>532,705</b>      | <b>(698,892)</b>    | <b>(261,354)</b>    | <b>51,024</b>      | <b>(376,517)</b>      | <b>(501)</b>  |
| <b>Income (loss) before transfers</b>             | <b>(60,911)</b>     | <b>(175,221)</b>    | <b>(9,372)</b>      | <b>(24,817)</b>    | <b>(270,321)</b>      | <b>83,202</b>   |
| <b>Transfers</b>                                  |                     |                     |                     |                    |                       |   |
| Transfers in                                      | -                   | -                   | -                   | -                  | -                     | -   |
| Transfers out                                     | -                   | (29,809)            | (29,806)            | -                  | (59,615)              | (25,133)  |
| <b>Total transfers</b>                            | <b>-</b>            | <b>(29,809)</b>     | <b>(29,806)</b>     | <b>-</b>           | <b>(59,615)</b>       | <b>(25,133)</b>   |
| <b>Changes in net assets</b>                      | <b>(60,911)</b>     | <b>(205,030)</b>    | <b>(39,178)</b>     | <b>(24,817)</b>    | <b>(329,936)</b>      | <b>58,069</b>   |
| <b>Net assets, beginning of year, as restated</b> | <b>1,549,841</b>    | <b>1,854,781</b>    | <b>9,420,250</b>    | <b>672,618</b>     | <b>13,497,490</b>     | <b>680,865</b>  |
| <b>Net assets, end of year</b>                    | <b>\$ 1,488,930</b> | <b>\$ 1,649,751</b> | <b>\$ 9,381,072</b> | <b>\$ 647,801</b>  | <b>\$ 13,167,554</b>  | <b>\$ 738,934</b>   |

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Enterprise Funds   |                   |                   |                    | Enterprise Fund Total | Governmental Activities Internal Service Funds |
|---|--------------------|-------------------|-------------------|--------------------|-----------------------|--|
|   | Dial-A-Ride        | Sewer             | Water             | Nonmajor (Theatre) |                       |  |
| <b>Cash flows from operating activities</b>   |                    |                   |                   |                    |                       |  |
| Receipts from internal services provided  | \$ -               | \$ -              | \$ -              | \$ -               | \$ -                  | \$ 1,208,861                                   |
| Receipts from customers and users   | 143,244            | 1,717,240         | 1,312,959         | 237,175            | 3,410,618             | -  |
| Payments to employees   | (418,968)          | (100,200)         | (220,076)         | (51,698)           | (790,942)             | (780,942)                                      |
| Operating grants  | 382,001            | -                 | -                 | 50,000             | 432,001               | -  |
| Property taxes  | 73,789             | -                 | -                 | -                  | 73,789                | -  |
| Payments to suppliers   | (246,218)          | (1,278,925)       | (485,671)         | (292,372)          | (2,303,186)           | (240,677)                                      |
| <b>Net cash provided by (used in) operating activities</b>  | <b>(66,152)</b>    | <b>338,115</b>    | <b>607,212</b>    | <b>(56,895)</b>    | <b>822,280</b>        | <b>187,242</b>                                 |
| <b>Cash flows from non-capital financing activities</b>   |                    |                   |                   |                    |                       |  |
| Loan from other funds   | (18,929)           | 444,350           | -                 | 25,848             | 451,269               | -  |
| Loan to other funds   | -                  | -                 | -                 | -                  | -                     | (62,621)                                       |
| Deposits/loans with other governments   | -                  | (636,466)         | (912,673)         | -                  | (1,549,139)           | -  |
| Transfers out   | -                  | (29,809)          | (29,806)          | -                  | (59,615)              | -  |
| <b>Net cash provided by (used in) non-capital financing activities</b>                                  | <b>(18,929)</b>    | <b>(221,925)</b>  | <b>(942,479)</b>  | <b>25,848</b>      | <b>(1,157,485)</b>    | <b>(62,621)</b>                                |
| <b>Cash flows from capital and related financing activities</b>   |                    |                   |                   |                    |                       |  |
| Proceeds of debt  | -                  | 750,000           | 750,000           | -                  | 1,500,000             | -  |
| Interest expense  | (25,574)           | (678,959)         | (528,433)         | -                  | (1,232,966)           | (2,390)  |
| Capital grants  | 285,419            | 290,606           | 472,860           | -                  | 1,048,885             | -  |
| Principal paid on debt  | (234,886)          | (81,750)          | (597,177)         | -                  | (913,813)             | (64,601)                                       |
| Acquisitions of capital assets  | (167,258)          | (342,735)         | (565,568)         | (151,732)          | (1,227,293)           | (20,406)                                       |
| <b>Net cash provided by (used in) capital and related financing activities</b>                          | <b>(142,299)</b>   | <b>(62,838)</b>   | <b>(468,318)</b>  | <b>(151,732)</b>   | <b>(825,187)</b>      | <b>(87,397)</b>                                |
| <b>Cash flows from Investing activities</b>   |                    |                   |                   |                    |                       |  |
| Interest income   | 2,373              | (4,879)           | 92,697            | 1,024              | 91,215                | 1,916  |
| <b>Net increase (decrease) in cash and pooled investments</b>   | <b>(225,007)</b>   | <b>48,473</b>     | <b>(710,888)</b>  | <b>(181,755)</b>   | <b>(1,069,177)</b>    | <b>39,140</b>                                  |
| <b>Cash and pooled investments, beginning of year</b>   | <b>279,327</b>     | <b>(48,473)</b>   | <b>1,562,929</b>  | <b>181,755</b>     | <b>1,975,538</b>      | <b>134,362</b>                                 |
| <b>Cash and pooled Investments, end of year</b>   | <b>\$ 54,320</b>   | <b>\$ -</b>       | <b>\$ 852,041</b> | <b>\$ -</b>        | <b>\$ 906,361</b>     | <b>\$ 173,502</b>                              |
| <b>Cash flows from operating activities</b>   |                    |                   |                   |                    |                       |  |
| Operating income (loss)   | \$ (593,616)       | \$ 523,671        | \$ 251,982        | \$ (75,841)        | \$ 106,196            | \$ 83,703                                      |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |                    |                   |                   |                    |                       |  |
| Depreciation  | 157,101            | 94,086            | 564,135           | 43,026             | 858,348               | 109,536  |
| Operating grants  | 382,001            | -                 | -                 | 50,000             | 432,001               | -  |
| Change in operating assets and liabilities which provided (used) cash                                   |                    |                   |                   |                    |                       |  |
| Accounts receivable   | (10,666)           | (277,067)         | (195,405)         | (211)              | (483,349)             | 5,894  |
| Inventory   | -                  | -                 | (38,169)          | -                  | (38,169)              | -  |
| Accounts payable  | 5,851              | (4,617)           | 12,087            | (74,789)           | (61,468)              | 689  |
| Accrued liabilities   | 642                | 945               | 365               | 920                | 2,872                 | (12,707)                                       |
| Compensated absences  | (12,721)           | 1,097             | (858)             | -                  | (12,482)              | 127  |
| Unearned revenue  | 5,256              | -                 | -                 | -                  | 5,256                 | -  |
| Customer deposits   | -                  | -                 | 13,075            | -                  | 13,075                | -  |
| <b>Net cash provided by (used in) operating activities</b>  | <b>\$ (66,152)</b> | <b>\$ 338,115</b> | <b>\$ 607,212</b> | <b>\$ (56,895)</b> | <b>\$ 822,280</b>     | <b>\$ 187,242</b>                              |

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**  
**AGENCY FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

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|                             | <b>Agency<br/>Fund</b>  |
|-----------------------------|-------------------------|
| <b>Assets</b>               |                         |
| Cash and pooled investments | \$ <u>12,240</u>        |
| <b>Total assets</b>         | <b>\$ <u>12,240</u></b> |
| <br><b>Liabilities</b>      |                         |
| Accounts payable            | \$ <u>12,240</u>        |
| <b>Total liabilities</b>    | <b>\$ <u>12,240</u></b> |

The accompanying notes are an integral part of these financial statements.

**CITY OF IONIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Ionia, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

***Reporting Entity***

These financial statements present the City and its component units, entities with which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

***Blended Component Unit***

The government-wide, debt service and capital projects fund financial statements include the financial data of the City of Ionia Building Authority. The City of Ionia Building Authority is a capital asset financing mechanism which provides services to the City exclusively. The Building Authority governing body consists of individuals that are appointed by the City's Council. The City Council approves the Authority's budget and has the ability to significantly influence operations of the Authority.

***Discretely Presented Component Units***

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA), Local Development Finance Authority (LDFA) and the Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration in the downtown area and promote economic growth within downtown. The DDA governing body consists of individuals that are appointed by the City's Council. The City Council approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

The LDFA was created to correct and prevent deterioration and promote economic growth within the development area. The LDFA governing body consists of individuals that are appointed by the City's Council. The City Council approves the LDFA's budget and has the ability to significantly influence operations of the LDFA. Financial statements are not separately issued for the LDFA.

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Council appoints the governing body of the Brownfield Redevelopment Authority.



**CITY OF IONIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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***Joint Venture***

The City participates in the following activity, which is considered to be a joint venture in relation to the City, due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

**Ionia Area Sewage Disposal System**

The City of Ionia, along with the Townships of Easton, Ionia, Berlin, and Orange have entered into an agreement with the County of Ionia, which created the Ionia Area Sewage Disposal System (SDS). The purpose of the SDS is to construct, improve, enlarge, extend, operate, and maintain all sanitary sewers, storm sewers, combined sanitary and storm sewers, plants, and works used in connection with the collection, treatment, or disposal of sewage for the benefit of the constituent municipalities.

The City of Ionia operates, administers, and maintains the SDS on behalf of the County and Townships. The annual budget of the SDS is prepared by the City and adopted by City Council. The proposed budget and allocation of costs are submitted to the County and Townships at least sixty days prior to the beginning of each fiscal year. The Townships have thirty days to advise the City of any objections to the proposed budget and allocations. Objections that cannot be resolved are brought before a review board consisting of one appointed member from each constituent municipality and the County Board of Public Works. All actions of the review board are made by a majority vote.

The allocation of costs of the SDS to the constituent municipalities is based on usage of the system as measured by system flow. During 1996, the City began to directly bill Ionia Township SDS customers. As a result, the City's allocation of costs includes the portion of costs that had been charged to Ionia Township in the past. On December 1, 2001, the City began to directly bill Easton Township SDS customers for operating costs and fixed asset reserves. As a result, the City's allocation of costs includes a portion of costs that would have been charged to Easton Township in the past. The Township continues to make contributions to SDS to fund their portion of the debt service requirements. For the year ended June 30, 2008, the City contributed \$1,045,443 to cover the City's and Townships' share of operational costs and \$501,822 to cover the City's and Townships' share of principal and interest portions of long-term debt issued by the County for the benefit of the SDS.

The City has not recorded an asset in the enterprise fund type related to SDS due to not having documented an "equity interest" in SDS for accounting purposes. To document an "equity interest", the City would need to document an explicit, measurable right to the net resources of the SDS.

Funding of operating costs and the capital asset reserve are based on annual participant usage. Funding percentages were as follows:

|                 |        |
|-----------------|--------|
| City of Ionia   | 88.71% |
| Ionia Township  | 7.58%  |
| Berlin Township | 3.71%  |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2008

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Funding of debt service is based on annual participant usage. Funding percentages were as follows:

|                 |        |
|-----------------|--------|
| City of Ionia   | 88.71% |
| Ionia Township  | 4.49%  |
| Berlin Township | 3.54%  |
| Easton Township | 3.26%  |

The financial activities of the SDS are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended June 30, 2008 are available at the City's administrative offices. The following financial information is a summary of the activity for the year ended June 30, 2008:

|                             |              |
|-----------------------------|--------------|
| Total assets                | \$11,679,391 |
| Total liabilities           | 3,278,476    |
| Total net assets            | 8,400,915    |
| Total operating revenue     | 1,233,053    |
| Total nonoperating revenues | 592,719      |
| Total operating expenses    | 1,456,088    |
| Total nonoperating expenses | 157,959      |
| Change in net assets        | 211,725      |

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**CITY OF IONIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service fund is charges to City departments for shared costs and equipment utilization. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental fund:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

**CITY OF IONIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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The City reports the following major proprietary funds:

The *Dial-A-Ride Enterprise Fund* is used to account for the operations required to provide transit services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges, property taxes, and grant revenues.

The *Sewer Enterprise Fund* is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The *Water Enterprise Fund* is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Capital Projects Funds* are used to account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *Enterprise Funds* are used to account for the operations to provide services to residents of the City of Ionia and the greater Ionia area. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The *Internal Service Fund* is used to account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis.

The *Agency Fund* is used to account for the collection and disbursement of property taxes that are collected on behalf of outside governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

# **CITY OF IONIA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2008**

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### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for General and Special Revenue Funds. General and Special Revenue Funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by fund.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within a fund subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the fund level. Supplemental appropriations were necessary during the year.

### ***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

### ***Investments***

Investments are stated at fair value at the balance sheet date.

State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

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- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

### **Receivables**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

### **Due to and Due from Other Funds**

Interfund receivables and payables are short term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

### **Capital Assets**

Capital assets, which include land, construction in progress, buildings and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

|                                     | <u>Years</u> |
|-------------------------------------|--------------|
| Structures and improvements         | 20-75        |
| Machinery, furniture, and equipment | 5-50         |
| Vehicles                            | 5            |
| Infrastructure                      | 20-30        |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

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### Deferred Revenue

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

|                               |                 |
|-------------------------------|-----------------|
| General fund                  |                 |
| Delinquent property taxes     | \$27,363        |
| Long-term special assessments | <u>11,232</u>   |
| Total general fund            | 38,595          |
| Nonmajor governmental funds   |                 |
| Delinquent property taxes     | 12,107          |
| Component unit (DDA)          |                 |
| Delinquent property taxes     | 9,818           |
| Dial-A-Ride                   |                 |
| Delinquent property taxes     | <u>5,280</u>    |
|                               | <u>\$65,800</u> |

### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

### Accumulated Vacation and Sick

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds is recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds.

**CITY OF IONIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**Property Taxes**

The City collects property taxes from City residence for all property tax levied upon property within the City. Property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and December 1 and are due without penalty through July 31 and February 14, respectively. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer.

Property taxes levied in July of each year are recognized as revenue in that year.

**Income Tax Revenues**

The City recognizes income tax revenue (nonexchange derived revenue) based on cash receipts for income earned through June 30 of each year and received through August 30 of the same year. Income tax revenue receivable at year end is reported net of estimated refunds.

**Grants and Other Intergovernmental Revenues**

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

**Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

**Inventory**

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations.

**2. DEFICIT FUND BALANCE/NET ASSETS**

At year end the City reported deficit fund balances in the following funds and component units:

|                                | <b>Fund balance</b> |
|--------------------------------|---------------------|
| <b>Special revenue funds</b>   |                     |
| Solid Waste                    | \$ (4,847)          |
| <b>Component units</b>         |                     |
| Downtown Development Authority | (315,296)           |



# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

The City reported the following deficits in net assets:

|                                     |             |
|-------------------------------------|-------------|
| <b>Nonmajor Enterprise Fund</b>     |             |
| Unrestricted net assets             | \$ (37,858) |
| <b>Component Units</b>              |             |
| Downtown Development Authority      | (4,068,382) |
| Local Development Finance Authority | (764,829)   |

### 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the fund level. The manager can move budgets within the fund without approval of the board.

During the year ended June 30, 2008, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

|                              | <b><u>Final<br/>Budget</u></b> | <b><u>Actual</u></b> | <b><u>Variance<br/>(Unfavorable)</u></b> |
|------------------------------|--------------------------------|----------------------|--|
| <b>Special Revenue Funds</b> |                                |                      |  |
| Solid Waste Fund             | \$432,500                      | \$441,433            | \$ (8,933)                               |
| Recreation Fund              | 326,795                        | 339,734              | (12,939)                                 |

### 4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

|  | <b><u>Primary<br/>Government</u></b> | <b><u>Component<br/>Units</u></b> | <b><u>Fiduciary<br/>Funds</u></b> | <b><u>Total</u></b> |
|--|--------------------------------------|-----------------------------------|-----------------------------------|---------------------|
| Cash and pooled investments            | \$ 792,878                           | \$4,622                           | \$12,240                          | \$ 809,740          |
| Restricted cash and pooled investments | 550,000                              | -                                 | -                                 | 550,000             |
|  | <u>\$1,342,878</u>                   | <u>\$4,622</u>                    | <u>\$12,240</u>                   | <u>\$1,359,740</u>  |

Cash and pooled investments and investments captions consist of the following at June 30, 2008:

|                                      |                  |
|--------------------------------------|------------------|
| Deposits and certificates of deposit | \$820,351        |
| Mutual funds and securities          | <u>164,315</u>   |
| Total                                | <u>\$984,666</u> |

The City holds investments within its pool for the Ionia Area Sewage Disposal System (SDS) of approximately \$580,000 which cannot be segregated from City deposits and investments. Deposit and investment risk disclosure for the combined balance of the City and the SDS is as follows.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

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The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require a policy, and the City's policy is no more restrictive than State requirements, for deposit custodial credit risk. As of year-end, \$1,917,771 of the City's bank balance of \$2,354,844 was exposed to custodial credit risk.

### **Investments**

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following pooled/mutual fund investments:

|            | <u>Maturity</u> | <u>Fair Value</u> | <u>Rating</u> | <u>Source</u> |
|------------|-----------------|-------------------|---------------|---------------|
| MBIA Class | N/A             | \$164,315         | AAA/V1        | Fitch         |

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

### **Investment and deposit risk**

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City policy is no more restrictive than State law for investment custodial credit risk. Of the above pool/mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

### 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of individual funds at June 30, 2008 were as follows:

| <u>Receivable fund</u>      | <u>Payable fund</u> |                               |                                 | <u>Total</u>     |
|-----------------------------|---------------------|-------------------------------|---------------------------------|------------------|
|                             | <u>Sewer fund</u>   | <u>Other enterprise funds</u> | <u>Other governmental funds</u> |                  |
| General fund                | \$397,011           | \$ -                          | \$ -                            | \$397,011        |
| Nonmajor governmental funds | -                   | 25,848                        | 64,823                          | 90,671           |
| Internal Service Fund       | 47,339              | -                             | 15,282                          | 62,621           |
| <b>Total</b>                | <b>\$444,350</b>    | <b>\$25,848</b>               | <b>\$80,105</b>                 | <b>\$550,303</b> |

Interfund balances primarily reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

### 6. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2008 are as follows:

| <u>Transfers out</u>        | <u>Transfer in</u>  |                                 | <u>Total</u>     |
|-----------------------------|---------------------|---------------------------------|------------------|
|                             | <u>General fund</u> | <u>Other governmental funds</u> |                  |
| General fund                | \$ -                | \$694,926                       | \$694,926        |
| Internal Service Fund       | -                   | 25,133                          | 25,133           |
| Sewer                       | -                   | 29,809                          | 29,809           |
| Water                       | -                   | 29,806                          | 29,806           |
| Nonmajor governmental funds | 7,200               | 82,379                          | 89,579           |
| <b>Total</b>                | <b>\$7,200</b>      | <b>\$862,053</b>                | <b>\$869,253</b> |

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

### 7. RISK MANAGEMENT

The City participates in a State pool, the Michigan Municipal Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under the Public Act 317 of 1969, as amended. In the event the pool's claims and expenses exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

### 8. CAPITAL ASSETS

Capital asset activity for the year was as follows:

|  | Balance<br>July 1,<br>2007 | Additions          | Deletions   | Balance<br>June 30,<br>2008 |
|--|----------------------------|--------------------|-------------|-----------------------------|
| <b>Governmental Activities</b>                     |                            |                    |             |                             |
| <b>Capital assets, not being depreciated</b>       |                            |                    |             |                             |
| Land   | \$ 238,370                 | \$ -               | \$ -        | \$ 238,370                  |
| Total capital assets, not being depreciated        | 238,370                    | -                  | -           | 238,370                     |
| <b>Capital assets, being depreciated</b>           |                            |                    |             |                             |
| Buildings  | 1,607,460                  | 14,454             | -           | 1,621,914                   |
| Furniture and equipment and improvements           | 4,091,240                  | 61,063             | -           | 4,152,303                   |
| Motor vehicles                                     | 3,618,473                  | 67,359             | -           | 3,685,832                   |
| Infrastructure                                     | 11,727,187                 | 290,904            | -           | 12,018,091                  |
| Total capital assets, being depreciated            | 21,044,360                 | 433,780            | -           | 21,478,140                  |
| Less accumulated depreciation for                  |                            |                    |             |                             |
| Buildings  | 505,641                    | 55,467             | -           | 561,108                     |
| Furniture and equipment and improvements           | 1,877,101                  | 206,392            | -           | 2,083,493                   |
| Motor vehicles                                     | 2,600,910                  | 240,426            | -           | 2,841,336                   |
| Infrastructure                                     | 4,349,113                  | 558,379            | -           | 4,907,492                   |
| Total accumulated depreciation                     | 9,332,765                  | 1,060,664          | -           | 10,393,429                  |
| <b>Net capital assets, being depreciated</b>       | 11,711,595                 | (626,884)          | -           | 11,084,711                  |
| <b>Governmental Activities capital assets, net</b> | <b>\$11,949,965</b>        | <b>\$(626,884)</b> | <b>\$ -</b> | <b>\$11,323,081</b>         |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Balance<br>July 1,<br><u>2007</u> | <u>Additions</u>  | <u>Deletions</u> | Balance<br>June 30,<br><u>2008</u> |
|---|-----------------------------------|-------------------|------------------|------------------------------------|
| <b>Business-type Activities</b>                     |                                   |                   |                  |                                    |
| <b>Capital assets, not being depreciated</b>        |                                   |                   |                  |                                    |
| Land  | \$ 1,219,180                      | \$ -              | \$ -             | \$ 1,219,180                       |
| Construction in Progress                            | 299,528                           | 666,397           | 246,862          | 719,063                            |
| Total capital assets, not being depreciated         | 1,518,708                         | 666,397           | 246,862          | 1,938,243                          |
| <b>Capital assets being depreciated</b>             |                                   |                   |                  |                                    |
| Land improvements                                   | 8,564                             | -                 | -                | 8,564                              |
| Structures and improvements                         | 23,495,562                        | 373,161           | -                | 23,868,723                         |
| Machinery, furniture, and equipment                 | 5,959,923                         | 264,340           | -                | 6,224,263                          |
| Vehicles  | 736,195                           | 167,255           | -                | 903,450                            |
| Total capital assets, being depreciated             | 30,200,244                        | 804,756           |                  | 31,005,000                         |
| Less accumulated depreciation for                   |                                   |                   |                  |                                    |
| Land improvements                                   | 7,332                             | 190               | -                | 7,522                              |
| Structures and Improvements                         | 4,320,581                         | 583,026           | -                | 4,903,607                          |
| Machinery, furniture, and equipment                 | 3,828,936                         | 215,826           | -                | 4,044,762                          |
| Vehicles  | 616,964                           | 59,306            | -                | 676,270                            |
| Total accumulated depreciation                      | 8,773,813                         | 858,348           | -                | 9,632,161                          |
| <b>Net capital assets, being depreciated</b>        | 21,426,431                        | (53,592)          | -                | 21,372,839                         |
| <b>Business-type Activities capital assets, net</b> | <b>\$22,945,139</b>               | <b>\$ 612,805</b> | <b>\$246,862</b> | <b>\$23,311,082</b>                |
| <b>Component Unit Activities</b>                    |                                   |                   |                  |                                    |
| <b>Capital assets, not being depreciated</b>        |                                   |                   |                  |                                    |
| Land  | \$375,256                         | \$ -              | \$ -             | \$375,256                          |

Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                    |
|---|--------------------|
| <b>Governmental Activities</b>  |                    |
| General government  | \$ 75,024          |
| Public safety   | 183,669            |
| Public works and streets  | 558,402            |
| Culture and recreation  | 134,033            |
| Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets | 109,536            |
| <b>Total depreciation expense - governmental activities</b>   | <b>\$1,060,664</b> |
| <b>Business-type Activities</b>   |                    |
| Dial-a-Ride   | \$ 157,101         |
| Sewer   | 94,086             |
| Water   | 564,135            |
| Theatre (nonmajor)  | 43,026             |
| <b>Total depreciation expense - business- type activities</b>   | <b>\$858,348</b>   |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

### 9. PENSION PLANS

#### Defined Benefit Plan

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

The City is required to contribute at an actuarially determined rate, which for the current year was from 13.4 to 31.2% of annual covered payroll. Participating employees are not required to contribute to the Plan. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2008, the City's annual pension cost of \$522,235 to MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus from 0% to 8.4% based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The difference in investment income between expected return and market return is recognized over a 10-year period as the rate of 10% per year. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, the date of the latest actuarial valuation, was 28 years.

#### Three-Year Trend Information

| <u>Fiscal Year</u><br><u>Ending</u> | <u>Annual Pension</u><br><u>Cost (APC)</u> | <u>Percentage of APC</u><br><u>Contributed</u> | <u>Net Pension</u><br><u>Obligation</u> |
|-------------------------------------|--|--|---|
| 6/30/06                             | \$529,000                                  | 100%   | \$ -                                    |
| 6/30/07                             | 481,468                                    | 100%   | -                                       |
| 6/30/08                             | 522,235                                    | 100%   | -                                       |

#### Schedule of Funding Progress

| <u>Actuarial</u><br><u>Valuation</u><br><u>Date</u> | <u>Actuarial</u><br><u>Value of</u><br><u>Assets</u><br><u>(a)</u> | <u>Actuarial</u><br><u>Accrued</u><br><u>Liability (AAL)</u><br><u>Entry Age</u><br><u>(b)</u> | <u>Unfunded</u><br><u>AAL</u><br><u>(UAAL)</u><br><u>(b-a)</u> | <u>Funded</u><br><u>Ratio</u><br><u>Total</u> | <u>Covered</u><br><u>Payroll</u><br><u>(c)</u> | <u>UAAL as a</u><br><u>Percentage</u><br><u>of Covered</u><br><u>Payroll</u><br><u>((b-a)/c)</u> |
|---|--|--|--|---|--|--|
| 12/31/05  | \$5,342,789  | \$11,011,751   | 5,668,962  | 49%   | \$2,603,199                                    | 218%   |
| 12/31/06  | 5,886,360  | 11,587,499   | 5,701,139  | 51%   | 2,589,693                                      | 220%   |
| 12/31/07  | 6,404,604  | 12,401,281   | 5,996,677  | 52%   | 2,519,612                                      | 238%   |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

### Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to City employees and allows them to defer a portion of their salary until future years. The deferred compensation is generally not available to employees until termination, retirement, or death. All assets of the Plan are held in trust for employees and the related assets and liabilities are not included in this report.

### 10. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2008:

|   | Balance<br>July 1,<br>2007 | Additions | Deletions | Balance<br>June 30,<br>2008 | Due Within<br>One<br>Year |
|---|----------------------------|-----------|-----------|-----------------------------|---------------------------|
| <b>Governmental Activities</b>  |                            |           |           |                             |                           |
| \$975,000 1990 Unlimited Tax General Obligation Environmental Bonds. Payments due in annual installments of \$40,000 to \$85,000 through April 1, 2017; interest at 6.75%, payable semi-annually.         | \$615,000                  | \$ -      | \$ 40,000 | \$ 575,000                  | \$ 45,000                 |
| \$600,000 1992 Limited Tax Obligation building Authority Bonds. Final installment of \$55,000 due on October 1, 2007; interest at 6.25%   | 55,000                     | -         | 55,000    | -                           | -                         |
| \$950,000 2001 Limited Tax Obligation Building Authority Bonds. Payments due in annual installments of \$25,000 to \$100,000 through August 1, 2020; interest from 5.00% to 8.00%, payable semi-annually. | 850,000                    | -         | 25,000    | 825,000                     | 50,000                    |
| \$900,000 2001 Limited Tax Obligation Transportation Bonds. Payments due in annual installments of \$50,000 to \$75,000 through August 1, 2015; interest from 4.00% to 5.00%, payable semi-annually.      | 600,000                    | -         | 50,000    | 550,000                     | 50,000                    |
| \$265,000 2002 Limited Tax General Obligation Bonds. Final installment of \$60,000 due on September 1, 2007; interest at 3.60%  | 60,000                     | -         | 60,000    | -                           | -                         |
| \$1,310,000 1995 Public Improvement Special Assessment Bonds. Payment due in annual installments of \$100,000 through October 1, 2010; interest at 5.30% to 5.75%, payable semi-annually.                 | 400,000                    | -         | 100,000   | 300,000                     | 100,000                   |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Balance<br>July 1,<br><u>2007</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br>June 30,<br><u>2008</u> | Due Within<br>One<br><u>Year</u> |
|---|-----------------------------------|------------------|------------------|------------------------------------|----------------------------------|
| \$143,100 Department of Public Works Street Sweeper installment purchase dated September 4, 2002. Payments due in annual installments from \$21,600 to \$22,263 through December 1, 2009; interest at 4.68%.  | \$ 43,873                         | \$ -             | \$ 21,610        | \$ 22,263                          | \$ 22,263                        |
| \$842,136 Equipment installment purchase for a purchase of a tanker truck and to pay off three (3) existing higher debt issues. Payment due in annual installments from \$10,000 to \$135,792 through October 15, 2011; interest at 4.10%.  | 505,792                           | -                | 10,000           | 495,792                            | 115,000                          |
| \$87,987 Department of Public Works Dump Truck Installment purchase dated August 5, 2003. Final installment of \$17,857 due September 30, 2007; interest at 3.97%.  | 17,857                            | -                | 17,857           | -                                  | -                                |
| \$75,348 2006 Installment purchase for the purchase of four (4) pickup trucks by the Department of Public Works dated November 17, 2005. Payments due in annual installments of \$25,134 to \$26,077 through November 17, 2008; interest at 4.13%   | 51,211                            | -                | 25,134           | 26,077                             | 26,077                           |
| Subtotal long-term debt   | 3,198,733                         | -                | 404,601          | 2,794,132                          | 408,340                          |
| Accrued employee benefits   | 406,994                           | 140,069          | 162,798          | 384,265                            | -                                |
| <b>Total Governmental Activities</b>  | <b>3,605,727</b>                  | <b>140,069</b>   | <b>567,399</b>   | <b>3,178,397</b>                   | <b>408,340</b>                   |
| <b>Business-type Activities</b>   |                                   |                  |                  |                                    |                                  |
| \$4,200,000 2004 General Obligation Water and Sewer Improvement Bonds. Payments due in annual installments of \$60,000 to \$240,000 through August 1, 2029; interest at 3.00% to 4.60%, payable semi-annually. Ionia Area SDS is responsible for 20% of the outstanding debt; the remaining portion was recorded in the Water and Sewer Funds as \$2,100,000 and \$1,260,000, respectively. | 3,360,000                         | -                | 60,000           | 3,300,000                          | 60,000                           |
| \$3,700,000 2005 General Obligation Water and Sewer Improvement Bonds. Payments due in annual installments of \$22,500 to \$247,500 through August 1, 2029; interest at 3.50% to 4.50%, payable semi-annually. Ionia Area SDS is responsible for 10% of the outstanding debt; the remaining portion was recorded in the Water and Sewer Funds at \$1,665,000 and \$1,665,000, respectively. | 3,330,000                         | -                | 22,500           | 3,307,500                          | 45,000                           |



# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Balance<br>July 1,<br><u>2007</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br>June 30,<br><u>2008</u> | Due Within<br>One<br><u>Year</u> |
|---|-----------------------------------|------------------|------------------|------------------------------------|----------------------------------|
| \$1,500,000 2006 General Obligation Water and Sewer Improvements Bond. Payments due in annual installments of \$22,500 to \$90,000 through August 1, 2029; interest at 4.60% to 6.00%, payable semi-annually. Ionia Area SDS is responsible for 10% of the outstanding debt; the remaining portion was recorded in the Water and Sewer Funds at \$675,000 and \$675,000, respectively | \$1,350,000                       | \$ -             | \$ 22,500        | \$1,327,500                        | \$ 22,500                        |
| \$8,400,000 1999 Water Supply Water System Refunding Bonds. Payments due in annual installments of \$39,677 to \$650,000 through July 1, 2018; interest at 4.50% to 5.90% payable semi-annually.  | 5,939,677                         | -                | 439,677          | 5,500,000                          | -                                |
| \$3,600,000 2001 Water and Sewer Improvement Bonds. Payments due in annual installments of \$134,250 to \$268,500 through August 1, 2020; interest at 4.00% to 5.00%, payable semi-annually. Ionia Area SDS is responsible for 10.5% of the outstanding debt; the remaining portion was recorded in the Water and Sewer Funds at \$2,080,000 and \$784,000, respectively.             | 2,864,000                         | -                | 134,250          | 2,729,750                          | 134,250                          |
| \$1,500,000 2008 Water and Sewer Improvement Bonds. Payments due in annual installments of \$25,000 to \$100,000 beginning August 1, 2011 through August 1, 2033; interest at 3.75% to 5.00%, payable semi-annually. The outstanding debt; was recorded in the Water and Sewer Funds at \$750,000 and \$750,000, respectively.  | -                                 | 1,500,000        | -                | 1,500,000                          | -                                |
| \$484,079 Infrastructure installment purchase dated July 6, 2006. Payments due in annual installments of \$115,708 to \$126,438 with interest at 3.00% payable annually.  | 484,079                           | -                | 234,886          | 249,193                            | -                                |
| Subtotal long-term debt   | 17,327,756                        | 1,500,000        | 913,813          | 17,913,943                         | 261,750                          |
| Accrued employee benefits   | 101,828                           | 28,249           | 40,731           | 89,346                             | -                                |
| <b>Total Business-type Activities</b>   | <b>17,429,584</b>                 | <b>1,528,249</b> | <b>954,544</b>   | <b>18,003,289</b>                  | <b>261,750</b>                   |
| <b>Component Units</b>  |                                   |                  |                  |                                    |                                  |
| \$4,005,000 1997 Limited Tax General Obligation Downtown Development Authority Refunding Bonds. Payment due in annual installments of \$460,000 through May 1, 2010; interest at 5.70% to 5.90%, payable semi-annually.   | 1,380,000                         | -                | 1,380,000        | -                                  | -                                |

# CITY OF IONIA

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | Balance<br>July 1,<br>2007 | Additions          | Deletions          | Balance<br>June 30,<br>2008 | Due Within<br>One<br>Year |
|--|----------------------------|--------------------|--------------------|-----------------------------|---------------------------|
| \$3,835,000 1998 Limited Tax General Obligation<br>Downtown Development Authority Refunding<br>Bonds. Payments due in annual installments of<br>\$315,000 to \$425,000 through November 1,<br>2014; interest at 4.0% to 4.35% payable semi-<br>annually. | \$ 2,925,000               | \$ -               | \$ 315,000         | \$ 2,610,000                | \$ 325,000                |
| \$1,205,000 2008 Downtown Development<br>Authority Refunding Bonds. Payments due in<br>annual installments of \$170,000 to \$210,000<br>through May 1, 2014, interest at 4.25% payable<br>semi-annually  | -                          | 1,205,000          | -                  | 1,205,000                   | 210,000                   |
| Local Development Finance Authority \$520,000<br>Ionia Area SDS loan due in annual principal and<br>interest installments based on sales of Industrial<br>Park land. Outstanding balance includes<br>outstanding principal plus interest accrued at 5%.  | 742,382                    | 37,294             | 14,700             | 764,976                     | -                         |
| <b>Total Component Units</b>   | 5,047,382                  | 1,242,294          | 1,709,700          | 4,579,976                   | 535,000                   |
| <b>Total Long-term Debt - Reporting Entity</b>   | <b>\$26,082,693</b>        | <b>\$2,923,094</b> | <b>\$3,219,161</b> | <b>\$25,672,316</b>         | <b>\$1,205,090</b>        |

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and Local Development Finance Authority loan) as of June 30, 2008 are as follows:

| Year Ending<br>June 30 | Governmental Activities |                  | Business-type Activities |                    | Component Units    |                  |
|------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|------------------|
|                        | Principal               | Interest         | Principal                | Interest           | Principal          | Interest         |
| 2009                   | \$ 408,340              | \$ 142,586       | \$ 261,750               | \$ 905,593         | \$ 535,000         | \$ 157,757       |
| 2010                   | 370,000                 | 120,605          | 857,004                  | 767,177            | 550,000            | 132,008          |
| 2011                   | 405,000                 | 100,635          | 927,939                  | 729,339            | 560,000            | 108,746          |
| 2012                   | 320,792                 | 82,977           | 851,500                  | 687,828            | 580,000            | 84,898           |
| 2013                   | 185,000                 | 67,332           | 966,375                  | 645,095            | 590,000            | 59,915           |
| 2014-2018              | 855,000                 | 177,152          | 6,246,375                | 2,489,246          | 1,000,000          | 43,664           |
| 2019-2023              | 250,000                 | 20,000           | 3,025,500                | 1,401,027          | -                  | -                |
| 2024-2028              | -                       | -                | 3,022,500                | 767,367            | -                  | -                |
| 2029-2033              | -                       | -                | 1,655,000                | 140,073            | -                  | -                |
| 2034                   | -                       | -                | 100,000                  | 2,500              | -                  | -                |
| <b>Total</b>           | <b>\$2,794,132</b>      | <b>\$711,287</b> | <b>\$17,913,943</b>      | <b>\$8,535,245</b> | <b>\$3,815,000</b> | <b>\$586,988</b> |

# **CITY OF IONIA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2008**

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During the year the City issued \$1,205,000 of 2008 Downtown Development Authority Refunding Bonds, to advance refund \$1,120,000 of 1997 Downtown Development Authority Refunding Bonds. The net proceeds of the refunding bonds were used to purchase U.S. Government securities which were placed in an irrevocable trust with an escrow agent to provide for principal and interest payments on the refunded bonds. As a result of the refunding, the refunded portion of the 1997 bonds were called and redeemed May 1, 2008, and the liability for these bonds has been removed from the City's long-term debt. The current year refunding increased total debt service payments by approximately \$149,000 and resulted in an economic loss of approximately \$31,000. The refunding was undertaken to better match future debt service requirements with available tax capture revenue in the Downtown Development Authority.

### **11. TRANSACTIONS BETWEEN COMPONENT UNITS AND THE CITY**

At year end the Downtown Development Authority (DDA) component unit owed the City water fund \$312,276. This balance was borrowed for cash flow purposes and is reported as due to other governments by the DDA and as due from other governments in the water fund.

During the year the DDA constructed infrastructure capital assets of approximately \$100,000 which were transferred to the City.

### **12. PRIOR PERIOD ADJUSTMENTS**

Beginning net assets reported in the sewer and water enterprise funds and for business type activities was increased by \$844,850, \$4,100,500, and \$4,945,350 respectively to reflect long-term receivables from the State of Michigan. This receivable represents the balance of state commitments to pay fixed portions of outstanding bond issues to fund expenses of services to state facilities.

### **13. COMMITMENTS/SUBSEQUENT EVENTS**

#### **Contingent Liabilities**

The City is a responsible party with respect to clean-up costs at the Cleveland Street Dump Site. The City is party to a Federal Consent Decree entered with the District Court during the fiscal year ended June 30, 2002. The terms of the Consent Decree limit the City's liability to a share of the clean-up costs associated with existing contamination as of the date of the decree. A reasonable estimate of the City's remaining potential liability cannot be determined at this time.

There is legal action pending against the City. Due to the inconclusive nature of the action, it is not possible for legal counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. This potential liability, if any, is considered by City management and legal counsel to be immaterial or the potential liability would be covered by insurance.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF IONIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2008**

| Expenditures                       | Budget Amounts      |                     | Actual Amount       | Variance Positive (Negative) |
|------------------------------------|---------------------|---------------------|---------------------|------------------------------|
|                                    | Original            | Final               |                     |                              |
| Current                            |                     |                     |                     |                              |
| General government                 |                     |                     |                     |                              |
| City Council                       | \$ 19,700           | \$ 20,500           | \$ 19,830           | \$ 670                       |
| City Manager                       | 108,775             | 168,925             | 173,170             | (4,245)                      |
| Elections                          | 3,900               | 6,450               | 2,549               | 3,901                        |
| Finance and administration         | 192,400             | 283,150             | 290,368             | (7,218)                      |
| Income tax administration          | 89,825              | 141,825             | 144,877             | (3,052)                      |
| Front office                       | 54,100              | 102,200             | 113,074             | (10,874)                     |
| Attorney fees                      | 41,000              | 44,000              | 43,880              | 120                          |
| Assessor                           | 40,500              | 40,500              | 37,640              | 2,860                        |
| Grant activity                     | 6,500               | 2,225               | 1,088               | 1,137                        |
| Board of review                    | 900                 | 900                 | 681                 | 219                          |
| Data processing                    | 96,300              | 99,900              | 101,183             | (1,283)                      |
| Clerk                              | 22,900              | 35,525              | 35,159              | 366                          |
| Building and grounds               | 49,200              | 49,200              | 48,103              | 1,097                        |
| Other offices                      | 40,250              | 46,050              | 42,204              | 3,846                        |
| Fringe benefits                    | 962,200             | 68,000              | 67,110              | 890                          |
|                                    | <u>1,728,450</u>    | <u>1,109,350</u>    | <u>1,120,916</u>    | <u>(11,566)</u>              |
| Public safety                      |                     |                     |                     |                              |
| Public Safety                      | 1,469,180           | 2,096,830           | 2,079,323           | 17,507                       |
| Inspections                        | 56,500              | 84,025              | 84,165              | (140)                        |
|                                    | <u>1,525,680</u>    | <u>2,180,855</u>    | <u>2,163,488</u>    | <u>17,367</u>                |
| Public Works                       |                     |                     |                     |                              |
| Street lights                      | 69,750              | 85,750              | 75,982              | 9,768                        |
| Health and Welfare                 |                     |                     |                     |                              |
| Ambulance                          | 33,885              | 33,885              | 33,885              | -                            |
| Community and economic development |                     |                     |                     |                              |
| Planning and zoning                | 16,800              | 19,800              | 17,534              | 2,266                        |
| Culture and recreation             |                     |                     |                     |                              |
| Festivals and events               | 8,025               | 9,250               | 7,798               | 1,452                        |
| Debt service                       |                     |                     |                     |                              |
| Principal                          | 10,000              | 10,000              | 10,000              | -                            |
| Interest and fiscal charges        | 20,200              | 22,000              | 21,139              | 861                          |
| <b>Total expenditures</b>          | <u>\$ 3,412,790</u> | <u>\$ 3,470,890</u> | <u>\$ 3,450,742</u> | <u>\$ 20,148</u>             |

**CITY OF IONIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2008**

|  | <b>Special Revenue</b>          |                                 |                           |                          |                                   |   |
|--|---------------------------------|---------------------------------|---------------------------|--------------------------|-----------------------------------|---|
|  | <b><u>Major<br/>Streets</u></b> | <b><u>Local<br/>Streets</u></b> | <b><u>Solid Waste</u></b> | <b><u>Recreation</u></b> | <b><u>Drug<br/>Forfeiture</u></b> | <b><u>Public Safety<br/>Donations</u></b> |
| <b>Assets</b>                              |                                 |                                 |                           |                          |                                   |   |
| Cash and pooled investments                | \$ -                            | \$ 14,595                       | \$ -                      | \$ 30,547                | \$ 4,769                          | \$ 6,139                                  |
| Accounts receivable                        | -                               | -                               | 55,302                    | -                        | -                                 | -   |
| Prepaid items                              | -                               | -                               | -                         | 1,453                    | -                                 | -   |
| Due from other funds                       | -                               | -                               | -                         | -                        | -                                 | -   |
| Due from other governments                 | <u>69,402</u>                   | <u>24,950</u>                   | <u>-</u>                  | <u>-</u>                 | <u>-</u>                          | <u>-</u>                                  |
| <b>Total assets</b>                        | <b>\$ 69,402</b>                | <b>\$ 39,545</b>                | <b>\$ 55,302</b>          | <b>\$ 32,000</b>         | <b>\$ 4,769</b>                   | <b>\$ 6,139</b>                           |
| <b>Liabilities and fund balances</b>       |                                 |                                 |                           |                          |                                   |   |
| <b>Liabilities</b>                         |                                 |                                 |                           |                          |                                   |   |
| Accounts payable                           | \$ 682                          | \$ 4,868                        | \$ 16,495                 | \$ 10,963                | \$ 1,141                          | \$ -                                      |
| Accrued liabilities                        | 3,716                           | 1,248                           | 1,125                     | 5,221                    | -                                 | -   |
| Due to other funds                         | 38,462                          | -                               | 41,643                    | -                        | -                                 | -   |
| Deferred revenue                           | <u>-</u>                        | <u>-</u>                        | <u>886</u>                | <u>-</u>                 | <u>-</u>                          | <u>-</u>                                  |
| <b>Total liabilities</b>                   | <b>42,860</b>                   | <b>6,116</b>                    | <b>60,149</b>             | <b>16,184</b>            | <b>1,141</b>                      | <b>-</b>                                  |
| <b>Fund balances (deficit)</b>             |                                 |                                 |                           |                          |                                   |   |
| Unreserved                                 |                                 |                                 |                           |                          |                                   |   |
| Undesignated                               | <u>26,542</u>                   | <u>33,429</u>                   | <u>(4,847)</u>            | <u>15,816</u>            | <u>3,628</u>                      | <u>6,139</u>                              |
| <b>Total liabilities and fund balances</b> | <b>\$ 69,402</b>                | <b>\$ 39,545</b>                | <b>\$ 55,302</b>          | <b>\$ 32,000</b>         | <b>\$ 4,769</b>                   | <b>\$ 6,139</b>                           |

| <u>Debt Service</u>          |                               |                            |                             | <u>Capital Projects</u>       |                           |                                |                   |
|------------------------------|-------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------|--------------------------------|-------------------|
| <u>Skyview/<br/>Gregmark</u> | <u>Building<br/>Authority</u> | <u>2002 G.O.<br/>Bonds</u> | <u>Sidewalk<br/>Program</u> | <u>Building<br/>Authority</u> | <u>Grant<br/>Projects</u> | <u>Environmental<br/>Bonds</u> | <u>Total</u>      |
| \$ -                         | \$ -                          | \$ -                       | \$ 23,022                   | \$ -                          | \$ 90,025                 | \$ 80,339                      | \$ 249,436        |
| -                            | -                             | -                          | -                           | -                             | 116,000                   | 11,221                         | 182,523           |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 1,453             |
| -                            | -                             | -                          | -                           | -                             | 90,671                    | -                              | 90,671            |
| -                            | -                             | -                          | -                           | -                             | 16,566                    | -                              | 110,918           |
| <u>\$ -</u>                  | <u>\$ -</u>                   | <u>\$ -</u>                | <u>\$ 23,022</u>            | <u>\$ -</u>                   | <u>\$ 313,262</u>         | <u>\$ 91,560</u>               | <u>\$ 635,001</u> |
|                              |                               |                            |                             |                               |                           |                                |                   |
| \$ -                         | \$ -                          | \$ -                       | \$ -                        | \$ -                          | \$ 74,174                 | \$ 10,116                      | \$ 118,439        |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 11,310            |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 80,105            |
| -                            | -                             | -                          | -                           | -                             | -                         | 11,221                         | 12,107            |
| -                            | -                             | -                          | -                           | -                             | 74,174                    | 21,337                         | 221,961           |
| -                            | -                             | -                          | 23,022                      | -                             | 239,088                   | 70,223                         | 413,040           |
| <u>\$ -</u>                  | <u>\$ -</u>                   | <u>\$ -</u>                | <u>\$ 23,022</u>            | <u>\$ -</u>                   | <u>\$ 313,262</u>         | <u>\$ 91,560</u>               | <u>\$ 635,001</u> |

# CITY OF IONIA

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

|   | Special Revenue  |                  |                   |                  |                    |                            |
|---|------------------|------------------|-------------------|------------------|--------------------|----------------------------|
|   | Major<br>Streets | Local<br>Streets | Solid Waste       | Recreation       | Drug<br>Forfeiture | Public Safety<br>Donations |
| <b>Revenues</b>                             |                  |                  |                   |                  |                    |                            |
| Taxes                                       | \$ -             | \$ -             | \$ 215,316        | \$ -             | \$ -               | \$ -                       |
| Intergovernmental revenues                  |                  |                  |                   |                  |                    |                            |
| State                                       | 423,670          | 152,261          | -                 | -                | -                  | -                          |
| Local                                       | 95,000           | -                | -                 | -                | -                  | -                          |
| Charges for services                        | -                | -                | 204,177           | 82,990           | -                  | -                          |
| Interest and rents                          | (836)            | (2,354)          | 1,755             | 212              | 177                | 168                        |
| Donations                                   | -                | -                | -                 | 2,584            | -                  | 1,632                      |
| Miscellaneous                               | 13,611           | 13,611           | -                 | 7,521            | 395                | -                          |
| <b>Total revenues</b>                       | <b>531,445</b>   | <b>163,518</b>   | <b>421,248</b>    | <b>93,307</b>    | <b>572</b>         | <b>1,800</b>               |
| <b>Expenditures</b>                         |                  |                  |                   |                  |                    |                            |
| Current                                     |                  |                  |                   |                  |                    |                            |
| Public safety                               | -                | -                | -                 | -                | 4,321              | 634                        |
| Public works and streets                    | 392,891          | 348,788          | 441,433           | -                | -                  | -                          |
| Culture and recreation                      | -                | -                | -                 | 339,734          | -                  | -                          |
| Capital outlay                              | -                | -                | -                 | -                | -                  | -                          |
| Debt Service                                |                  |                  |                   |                  |                    |                            |
| Principal                                   | 20,000           | 30,000           | -                 | -                | -                  | -                          |
| Interest                                    | 17,655           | 22,363           | -                 | -                | -                  | -                          |
| <b>Total expenditures</b>                   | <b>430,546</b>   | <b>401,151</b>   | <b>441,433</b>    | <b>339,734</b>   | <b>4,321</b>       | <b>634</b>                 |
| <b>Revenues over (under) expenditures</b>   | <b>100,899</b>   | <b>(237,633)</b> | <b>(20,185)</b>   | <b>(246,427)</b> | <b>(3,749)</b>     | <b>1,166</b>               |
| <b>Other financing sources (uses)</b>       |                  |                  |                   |                  |                    |                            |
| Transfers in                                | -                | 265,000          | -                 | 252,379          | -                  | -                          |
| Transfers out                               | (80,000)         | -                | -                 | -                | -                  | -                          |
| <b>Total other financing sources (uses)</b> | <b>(80,000)</b>  | <b>265,000</b>   | <b>-</b>          | <b>252,379</b>   | <b>-</b>           | <b>-</b>                   |
| <b>Net changes in fund balances</b>         | <b>20,899</b>    | <b>27,367</b>    | <b>(20,185)</b>   | <b>5,952</b>     | <b>(3,749)</b>     | <b>1,166</b>               |
| <b>Fund balances, beginning of year</b>     | <b>5,643</b>     | <b>6,062</b>     | <b>15,338</b>     | <b>9,864</b>     | <b>7,377</b>       | <b>4,973</b>               |
| <b>Fund balances (deficit), end of year</b> | <b>\$ 26,542</b> | <b>\$ 33,429</b> | <b>\$ (4,847)</b> | <b>\$ 15,816</b> | <b>\$ 3,628</b>    | <b>\$ 6,139</b>            |



| Debt Service                 |                               |                            |                             | Capital Projects              |                           |                                |                   |
|------------------------------|-------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------|--------------------------------|-------------------|
| <u>Skyview/<br/>Gregmark</u> | <u>Building<br/>Authority</u> | <u>2002 G.O.<br/>Bonds</u> | <u>Sidewalk<br/>Program</u> | <u>Building<br/>Authority</u> | <u>Grant<br/>Projects</u> | <u>Environmental<br/>Bonds</u> | <u>Total</u>      |
| \$ -                         | \$ -                          | \$ -                       | \$ -                        | \$ -                          | \$ -                      | \$ 198,379                     | \$ 413,695        |
| -                            | -                             | -                          | -                           | -                             | 16,566                    | -                              | 592,497           |
| 59,611                       | -                             | -                          | -                           | -                             | 29,426                    | -                              | 184,037           |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 287,167           |
| -                            | -                             | -                          | 1,004                       | -                             | -                         | -                              | 126               |
| -                            | -                             | -                          | -                           | -                             | -                         | 2,400                          | 6,616             |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 35,138            |
| <u>59,611</u>                | <u>-</u>                      | <u>-</u>                   | <u>1,004</u>                | <u>-</u>                      | <u>45,992</u>             | <u>200,779</u>                 | <u>1,519,276</u>  |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 4,955             |
| -                            | -                             | -                          | -                           | -                             | 45,993                    | -                              | 1,229,105         |
| -                            | -                             | -                          | -                           | -                             | -                         | -                              | 339,734           |
| -                            | -                             | -                          | 19,664                      | -                             | -                         | 179,802                        | 199,466           |
| 100,000                      | 80,000                        | 60,000                     | -                           | -                             | -                         | 40,000                         | 330,000           |
| 19,300                       | 48,144                        | 1,218                      | -                           | -                             | -                         | 49,313                         | 157,993           |
| <u>119,300</u>               | <u>128,144</u>                | <u>61,218</u>              | <u>19,664</u>               | <u>-</u>                      | <u>45,993</u>             | <u>269,115</u>                 | <u>2,261,253</u>  |
| <u>(59,689)</u>              | <u>(128,144)</u>              | <u>(61,218)</u>            | <u>(18,660)</u>             | <u>-</u>                      | <u>(1)</u>                | <u>(68,336)</u>                | <u>(741,977)</u>  |
| 59,615                       | 124,471                       | 60,588                     | -                           | -                             | -                         | 100,000                        | 862,053           |
| -                            | -                             | -                          | -                           | (9,579)                       | -                         | -                              | (89,579)          |
| <u>59,615</u>                | <u>124,471</u>                | <u>60,588</u>              | <u>-</u>                    | <u>(9,579)</u>                | <u>-</u>                  | <u>100,000</u>                 | <u>772,474</u>    |
| (74)                         | (3,673)                       | (630)                      | (18,660)                    | (9,579)                       | (1)                       | 31,664                         | 30,497            |
| <u>74</u>                    | <u>3,673</u>                  | <u>630</u>                 | <u>41,682</u>               | <u>9,579</u>                  | <u>239,089</u>            | <u>38,559</u>                  | <u>382,543</u>    |
| <u>\$ -</u>                  | <u>\$ -</u>                   | <u>\$ -</u>                | <u>\$ 23,022</u>            | <u>\$ -</u>                   | <u>\$ 239,088</u>         | <u>\$ 70,223</u>               | <u>\$ 413,040</u> |

# CITY OF IONIA

## MAJOR STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <u>Budget Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>                      |
|--|-----------------------|------------------|------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>     | <u>Amount</u>    | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                  |                  |                                      |
| Taxes                                  | \$ -                  | \$ -             | \$ -             | \$ -                                 |
| Intergovernmental revenues             |                       |                  |                  |                                      |
| State                                  | 427,500               | 427,500          | 423,670          | (3,830)                              |
| Local                                  | 95,000                | 95,000           | 95,000           | -                                    |
| Charges for services                   | -                     | -                | -                | -                                    |
| Fines                                  | -                     | -                | -                | -                                    |
| Interest and rents                     | -                     | -                | (836)            | (836)                                |
| Donations                              | -                     | -                | -                | -                                    |
| Miscellaneous                          | 12,000                | 12,000           | 13,611           | 1,611                                |
| <b>Total revenues</b>                  | <u>534,500</u>        | <u>534,500</u>   | <u>531,445</u>   | <u>(3,055)</u>                       |
| <b>Expenditures</b>                    |                       |                  |                  |                                      |
| Current                                |                       |                  |                  |                                      |
| Public safety                          | -                     | -                | -                | -                                    |
| Public works and streets               | 370,390               | 396,440          | 392,891          | 3,549                                |
| Culture and recreation                 | -                     | -                | -                | -                                    |
| Debt service                           |                       |                  |                  |                                      |
| Principal                              | 20,000                | 20,000           | 20,000           | -                                    |
| Interest                               | 17,545                | 17,545           | 17,655           | (110)                                |
| <b>Total expenditures</b>              | <u>407,935</u>        | <u>433,985</u>   | <u>430,546</u>   | <u>3,439</u>                         |
| Revenues over (under) expenditures     | <u>126,565</u>        | <u>100,515</u>   | <u>100,899</u>   | <u>384</u>                           |
| Other financing sources (uses)         |                       |                  |                  |                                      |
| Transfers in                           | -                     | -                | -                | -                                    |
| Transfers out                          | (124,500)             | (80,000)         | (80,000)         | -                                    |
| Total other financing sources (uses)   | <u>(124,500)</u>      | <u>(80,000)</u>  | <u>(80,000)</u>  | <u>-</u>                             |
| Net changes in fund balance            | 2,065                 | 20,515           | 20,899           | 384                                  |
| <b>Fund balance, beginning of year</b> | <u>5,643</u>          | <u>5,643</u>     | <u>5,643</u>     | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 7,708</u>       | <u>\$ 26,158</u> | <u>\$ 26,542</u> | <u>\$ 384</u>                        |

# CITY OF IONIA

## LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <u>Budget Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>                      |
|--|-----------------------|------------------|------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>     | <u>Amount</u>    | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                  |                  |                                      |
| Taxes                                  | \$ -                  | \$ -             | \$ -             | \$ -                                 |
| Intergovernmental revenues             |                       |                  |                  |                                      |
| State                                  | 154,000               | 154,000          | 152,261          | (1,739)                              |
| Local                                  | -                     | -                | -                | -                                    |
| Charges for services                   | -                     | -                | -                | -                                    |
| Fines                                  | -                     | -                | -                | -                                    |
| Interest and rents                     | -                     | -                | (2,354)          | (2,354)                              |
| Donations                              | -                     | -                | -                | -                                    |
| Miscellaneous                          | 12,500                | 12,500           | 13,611           | 1,111                                |
| <b>Total revenues</b>                  | <u>166,500</u>        | <u>166,500</u>   | <u>163,518</u>   | <u>(2,982)</u>                       |
| <b>Expenditures</b>                    |                       |                  |                  |                                      |
| Current                                |                       |                  |                  |                                      |
| Public safety                          | -                     | -                | -                | -                                    |
| Public works and streets               | 238,035               | 357,735          | 348,788          | 8,947                                |
| Culture and recreation                 | -                     | -                | -                | -                                    |
| Debt service                           |                       |                  |                  |                                      |
| Principal                              | 30,000                | 30,000           | 30,000           | -                                    |
| Interest                               | 22,825                | 22,825           | 22,363           | 462                                  |
| <b>Total expenditures</b>              | <u>290,860</u>        | <u>410,560</u>   | <u>401,151</u>   | <u>9,409</u>                         |
| Revenues over (under) expenditures     | <u>(124,360)</u>      | <u>(244,060)</u> | <u>(237,633)</u> | <u>6,427</u>                         |
| Other financing sources (uses)         |                       |                  |                  |                                      |
| Transfers in                           | 124,500               | 265,000          | 265,000          | -                                    |
| Transfers out                          | -                     | -                | -                | -                                    |
| Total other financing sources (uses)   | <u>124,500</u>        | <u>265,000</u>   | <u>265,000</u>   | <u>-</u>                             |
| Net changes in fund balance            | 140                   | 20,940           | 27,367           | 6,427                                |
| <b>Fund balance, beginning of year</b> | <u>6,062</u>          | <u>6,062</u>     | <u>6,062</u>     | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 6,202</u>       | <u>\$ 27,002</u> | <u>\$ 33,429</u> | <u>\$ 6,427</u>                      |

**CITY OF IONIA**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <b>Budget Amounts</b>  |                     | <b>Actual</b>        | <b>Variance</b>                                    |
|--|------------------------|---------------------|----------------------|--|
|  | <b><u>Original</u></b> | <b><u>Final</u></b> | <b><u>Amount</u></b> | <b><u>Positive</u></b><br><b><u>(Negative)</u></b> |
| <b>Revenues</b>                            |                        |                     |                      |  |
| Taxes                                      | \$ 224,000             | \$ 215,000          | \$ 215,316           | \$ 316   |
| Intergovernmental revenues                 |                        |                     |                      |  |
| State                                      | -                      | -                   | -                    | -  |
| Local                                      | -                      | -                   | -                    | -  |
| Charges for services                       | 211,000                | 214,500             | 204,177              | (10,323)   |
| Fines                                      | -                      | -                   | -                    | -  |
| Interest and rents                         | -                      | 3,000               | 1,755                | (1,245)  |
| Donations                                  | -                      | -                   | -                    | -  |
| Miscellaneous                              | -                      | -                   | -                    | -  |
| <b>Total revenues</b>                      | <u>435,000</u>         | <u>432,500</u>      | <u>421,248</u>       | <u>(11,252)</u>                                    |
| <b>Expenditures</b>                        |                        |                     |                      |  |
| Current                                    |                        |                     |                      |  |
| Public safety                              | -                      | -                   | -                    | -  |
| Public works and streets                   | 435,000                | 432,500             | 441,433              | (8,933)  |
| Culture and recreation                     | -                      | -                   | -                    | -  |
| Debt service                               |                        |                     |                      |  |
| Principal                                  | -                      | -                   | -                    | -  |
| Interest                                   | -                      | -                   | -                    | -  |
| <b>Total expenditures</b>                  | <u>435,000</u>         | <u>432,500</u>      | <u>441,433</u>       | <u>(8,933)</u>                                     |
| Revenues over (under) expenditures         | <u>-</u>               | <u>-</u>            | <u>(20,185)</u>      | <u>(20,185)</u>                                    |
| Other financing sources (uses)             |                        |                     |                      |  |
| Transfers in                               | -                      | -                   | -                    | -  |
| Transfers out                              | -                      | -                   | -                    | -  |
| Total other financing sources (uses)       | <u>-</u>               | <u>-</u>            | <u>-</u>             | <u>-</u>   |
| Net changes in fund balance                | -                      | -                   | (20,185)             | (20,185)   |
| <b>Fund balance, beginning of year</b>     | <u>15,338</u>          | <u>15,338</u>       | <u>15,338</u>        | <u>-</u>   |
| <b>Fund balance (deficit), end of year</b> | <u>\$ 15,338</u>       | <u>\$ 15,338</u>    | <u>\$ (4,847)</u>    | <u>\$ (20,185)</u>                                 |

# CITY OF IONIA

## RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2008**

|                                      | <u>Budget Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>                      |
|--------------------------------------|-----------------------|------------------|------------------|--------------------------------------|
|                                      | <u>Original</u>       | <u>Final</u>     | <u>Amount</u>    | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                      |                       |                  |                  |                                      |
| Taxes                                | \$ -                  | \$ -             | \$ -             | \$ -                                 |
| Intergovernmental revenues           |                       |                  |                  |                                      |
| State                                | -                     | -                | -                | -                                    |
| Local                                | -                     | -                | -                | -                                    |
| Charges for services                 | 61,350                | 75,350           | 82,990           | 7,640                                |
| Fines                                | -                     | -                | -                | -                                    |
| Interest and rents                   | 100                   | 100              | 212              | 112                                  |
| Donations                            | -                     | 2,500            | 2,584            | 84                                   |
| Miscellaneous                        | 8,000                 | 6,300            | 7,521            | 1,221                                |
| <b>Total Revenues</b>                | <u>69,450</u>         | <u>84,250</u>    | <u>93,307</u>    | <u>9,057</u>                         |
| <b>Expenditures</b>                  |                       |                  |                  |                                      |
| Current                              |                       |                  |                  |                                      |
| Public safety                        | -                     | -                | -                | -                                    |
| Highways and streets                 | -                     | -                | -                | -                                    |
| Culture and recreation               | 274,875               | 326,795          | 339,734          | (12,939)                             |
| Debt service                         |                       |                  |                  |                                      |
| Principal                            | -                     | -                | -                | -                                    |
| Interest                             | -                     | -                | -                | -                                    |
| <b>Total expenditures</b>            | <u>274,875</u>        | <u>326,795</u>   | <u>339,734</u>   | <u>(12,939)</u>                      |
| Revenues over (under) expenditures   | <u>(205,425)</u>      | <u>(242,545)</u> | <u>(246,427)</u> | <u>(3,882)</u>                       |
| Other financing sources (uses)       |                       |                  |                  |                                      |
| Transfers in                         | 200,000               | 252,300          | 252,379          | 79                                   |
| Transfers out                        | -                     | -                | -                | -                                    |
| Total other financing sources (uses) | <u>200,000</u>        | <u>252,300</u>   | <u>252,379</u>   | <u>79</u>                            |
| Net changes in fund balance          | <u>(5,425)</u>        | <u>9,755</u>     | <u>5,952</u>     | <u>(3,803)</u>                       |
| Fund balance, beginning of year      | <u>9,864</u>          | <u>9,864</u>     | <u>9,864</u>     | <u>-</u>                             |
| Fund balance, end of year            | <u>\$ 4,439</u>       | <u>\$ 19,619</u> | <u>\$ 15,816</u> | <u>\$ (3,803)</u>                    |

# CITY OF IONIA

## DRUG FORFEITURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2008**

|                                      | <u>Budget Amounts</u> |                 | <u>Actual</u>   | <u>Variance</u>                      |
|--------------------------------------|-----------------------|-----------------|-----------------|--------------------------------------|
|                                      | <u>Original</u>       | <u>Final</u>    | <u>Amount</u>   | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                      |                       |                 |                 |                                      |
| Taxes                                | \$ -                  | \$ -            | \$ -            | \$ -                                 |
| Intergovernmental revenues           |                       |                 |                 |                                      |
| State                                | -                     | -               | -               | -                                    |
| Local                                | -                     | -               | -               | -                                    |
| Charges for services                 | -                     | -               | -               | -                                    |
| Fines                                | -                     | -               | -               | -                                    |
| Interest and rents                   | 100                   | 100             | 177             | 77                                   |
| Donations                            | -                     | -               | -               | -                                    |
| Miscellaneous                        | <u>1,000</u>          | <u>1,000</u>    | <u>395</u>      | <u>(605)</u>                         |
| <b>Total Revenues</b>                | <u>1,100</u>          | <u>1,100</u>    | <u>572</u>      | <u>(528)</u>                         |
| <b>Expenditures</b>                  |                       |                 |                 |                                      |
| Current                              |                       |                 |                 |                                      |
| Public safety                        | 2,000                 | 4,600           | 4,321           | 279                                  |
| Highways and streets                 | -                     | -               | -               | -                                    |
| Culture and recreation               | -                     | -               | -               | -                                    |
| Debt service                         |                       |                 |                 |                                      |
| Principal                            | -                     | -               | -               | -                                    |
| Interest                             | <u>-</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>                             |
| <b>Total expenditures</b>            | <u>2,000</u>          | <u>4,600</u>    | <u>4,321</u>    | <u>279</u>                           |
| Revenues over (under) expenditures   | <u>(900)</u>          | <u>(3,500)</u>  | <u>(3,749)</u>  | <u>(249)</u>                         |
| Other financing sources (uses)       |                       |                 |                 |                                      |
| Transfers in                         | -                     | -               | -               | -                                    |
| Transfers out                        | <u>-</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>                             |
| Total other financing sources (uses) | <u>-</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>                             |
| Net changes in fund balance          | (900)                 | (3,500)         | (3,749)         | (249)                                |
| Fund balance, beginning of year      | <u>7,377</u>          | <u>7,377</u>    | <u>7,377</u>    | <u>-</u>                             |
| Fund balance, end of year            | <u>\$ 6,477</u>       | <u>\$ 3,877</u> | <u>\$ 3,628</u> | <u>\$ (249)</u>                      |

# CITY OF IONIA

## PUBLIC SAFETY DONATIONS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <u>Budget Amounts</u> |                 | <u>Actual</u>   | <u>Variance</u>                      |
|--|-----------------------|-----------------|-----------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>    | <u>Amount</u>   | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                        |                       |                 |                 |                                      |
| Taxes                                  | \$ -                  | \$ -            | \$ -            | \$ -                                 |
| Intergovernmental revenues             |                       |                 |                 |                                      |
| State                                  | -                     | -               | -               | -                                    |
| Local                                  | -                     | -               | -               | -                                    |
| Charges for services                   | -                     | -               | -               | -                                    |
| Fines                                  | -                     | -               | -               | -                                    |
| Interest and rents                     | 100                   | 100             | 168             | 68                                   |
| Donations                              | 1,900                 | 1,900           | 1,632           | (268)                                |
| Miscellaneous                          | -                     | -               | -               | -                                    |
| <b>Total revenues</b>                  | <u>2,000</u>          | <u>2,000</u>    | <u>1,800</u>    | <u>(200)</u>                         |
| <b>Expenditures</b>                    |                       |                 |                 |                                      |
| Current                                |                       |                 |                 |                                      |
| Public safety                          | 1,000                 | 1,000           | 634             | 366                                  |
| Highways and streets                   | -                     | -               | -               | -                                    |
| Culture and recreation                 | -                     | -               | -               | -                                    |
| Debt service                           |                       |                 |                 |                                      |
| Principal                              | -                     | -               | -               | -                                    |
| Interest                               | -                     | -               | -               | -                                    |
| <b>Total expenditures</b>              | <u>1,000</u>          | <u>1,000</u>    | <u>634</u>      | <u>366</u>                           |
| Revenues over (under) expenditures     | <u>1,000</u>          | <u>1,000</u>    | <u>1,166</u>    | <u>166</u>                           |
| Other financing sources (uses)         |                       |                 |                 |                                      |
| Transfers in                           | -                     | -               | -               | -                                    |
| Transfers out                          | -                     | -               | -               | -                                    |
| Total other financing sources (uses)   | <u>-</u>              | <u>-</u>        | <u>-</u>        | <u>-</u>                             |
| Net changes in fund balance            | 1,000                 | 1,000           | 1,166           | 166                                  |
| <b>Fund balance, beginning of year</b> | <u>4,973</u>          | <u>4,973</u>    | <u>4,973</u>    | <u>-</u>                             |
| <b>Fund balance, end of year</b>       | <u>\$ 5,973</u>       | <u>\$ 5,973</u> | <u>\$ 6,139</u> | <u>\$ 166</u>                        |

# CITY OF IONIA

## DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

|   | <u>Governmental<br/>Fund Type</u> |                       | <u>Statement<br/>of<br/>Net Assets</u> |
|---|-----------------------------------|-----------------------|--|
|   | <u>General<br/>Fund</u>           | <u>Adjustments</u>    |  |
| <b>Assets</b>                                   |                                   |                       |  |
| Cash and pooled investments                     | \$ -                              | \$ -                  | \$ -                                   |
| Accounts receivable                             | 12,162                            | -                     | 12,162                                 |
| Capital assets                                  |                                   |                       |  |
| Land  | -                                 | 375,256               | 375,256                                |
| <b>Total assets</b>                             | <u>\$ 12,162</u>                  | <u>375,256</u>        | <u>387,418</u>                         |
| <b>Liabilities and fund balances</b>            |                                   |                       |  |
| <b>Liabilities</b>                              |                                   |                       |  |
| Accounts payable and accrued liabilities        | \$ 3,854                          | -                     | 3,854                                  |
| Accrued liabilities                             | 1,510                             | 26,838                | 28,348                                 |
| Deferred revenue                                | 9,818                             | -                     | 9,818                                  |
| Due to other governments                        | 312,276                           | -                     | 312,276                                |
| Noncurrent liabilities                          |                                   |                       |  |
| Compensated absences                            | -                                 | 4,114                 | 4,114                                  |
| Issuance/refunding costs                        | -                                 | 282,390               | 282,390                                |
| Due within one year                             | -                                 | 535,000               | 535,000                                |
| Due in more than one year                       | -                                 | 3,280,000             | 3,280,000                              |
| <b>Total liabilities</b>                        | <u>327,458</u>                    | <u>4,128,342</u>      | <u>4,455,800</u>                       |
| <b>Fund balances</b>                            |                                   |                       |  |
| Unreserved                                      |                                   |                       |  |
| Undesignated                                    | <u>(315,296)</u>                  | <u>315,296</u>        | -                                      |
| <b>Total liabilities and fund balances</b>      | <u>\$ 12,162</u>                  |                       |  |
| <b>Net assets (deficit)</b>                     |                                   |                       |  |
| Invested in capital assets, net of related debt |                                   | 375,256               | 375,256                                |
| Unrestricted                                    |                                   | <u>(4,443,638)</u>    | <u>(4,443,638)</u>                     |
| <b>Total net assets (deficit)</b>               |                                   | <u>\$ (4,068,382)</u> | <u>\$ (4,068,382)</u>                  |



# CITY OF IONIA

## DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

|   | Governmental<br>Fund Type |                  | Statement<br>of       |
|---|---------------------------|------------------|-----------------------|
|   | General<br>Fund           | Adjustments      | Net Assets            |
| <b>Revenues</b>   |                           |                  |                       |
| Taxes   | \$ 1,087,468              | \$ (10,148)      | \$ 1,077,320          |
| Interest  | 1,533                     | -                | 1,533                 |
| Miscellaneous   | 19,476                    | -                | 19,476                |
| <b>Total revenues</b>                                       | <u>1,108,477</u>          | <u>(10,148)</u>  | <u>1,098,329</u>      |
| <b>Expenditures/expenses</b>                                |                           |                  |                       |
| Current   |                           |                  |                       |
| Personnel services  | 45,469                    | 2,888            | 48,357                |
| Contractual services  | 248,165                   | -                | 248,165               |
| Benefits  | 16,755                    | -                | 16,755                |
| Materials and supplies                                      | 26,924                    | -                | 26,924                |
| Utilities   | 6,646                     | -                | 6,646                 |
| Repair and maintenance                                      | -                         | -                | -                     |
| Promotion   | 14,258                    | -                | 14,258                |
| Renovation program  | 13,536                    | -                | 13,536                |
| Miscellaneous   | 52,390                    | -                | 52,390                |
| Debt Service  |                           |                  |                       |
| Principal   | 315,000                   | (260,000)        | 55,000                |
| Interest  | 423,483                   | (6,911)          | 416,572               |
| <b>Total expenditures/expenses</b>                          | <u>1,162,626</u>          | <u>(264,023)</u> | <u>898,603</u>        |
| Revenues over (under) expenditures/expenses                 | <u>(54,149)</u>           | <u>(253,875)</u> | <u>199,726</u>        |
| Other financing sources (uses)                              |                           |                  |                       |
| Refunding bond issue  | 1,205,000                 | (1,205,000)      | -                     |
| Payment to escrow agent                                     | (1,152,610)               | 1,152,610        | -                     |
| Transfers in  | -                         | -                | -                     |
| Transfers out   | -                         | -                | -                     |
| <b>Total other financing sources (uses)</b>                 | <u>52,390</u>             | <u>(52,390)</u>  | <u>-</u>              |
| Net changes in fund balances                                | (1,759)                   | 1,759            |                       |
| Change in net assets  |                           | (199,726)        | 199,726               |
| <b>Fund balances/net assets(deficit), beginning of year</b> | <u>(313,537)</u>          |                  | <u>(4,268,108)</u>    |
| <b>Fund balances/net assets(deficit), end of year</b>       | <u>\$ (315,296)</u>       |                  | <u>\$ (4,068,382)</u> |

# CITY OF IONIA

## LOCAL DEVELOPMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

|  | <u>Governmental<br/>Fund Type</u> |                    | <u>Statement<br/>of<br/>Net Assets</u> |
|--|-----------------------------------|--------------------|--|
|  | <u>General<br/>Fund</u>           | <u>Adjustments</u> |  |
| <b>Assets</b>                              |                                   |                    |  |
| Cash and pooled investments                | \$ 4,117                          | \$ -               | \$ 4,117                               |
| <b>Total assets</b>                        | <u>\$ 4,117</u>                   | <u>-</u>           | <u>4,117</u>                           |
| <b>Liabilities and fund balances</b>       |                                   |                    |  |
| <b>Liabilities</b>                         |                                   |                    |  |
| Accounts payable                           | \$ 3,970                          | -                  | 3,970                                  |
| Accrued liabilities                        | -                                 | -                  | -                                      |
| Deferred revenue                           | -                                 | -                  | -                                      |
| Due to other governments                   | -                                 | -                  | -                                      |
| Noncurrent liabilities                     |                                   |                    |  |
| Due within one year                        | -                                 | -                  | -                                      |
| Due in more than one year                  | -                                 | 764,976            | 764,976                                |
| <b>Total liabilities</b>                   | 3,970                             | 764,976            | <u>768,946</u>                         |
| <b>Fund balances</b>                       |                                   |                    |  |
| Unreserved                                 |                                   |                    |  |
| Undesignated                               | 147                               | (147)              | -                                      |
| <b>Total liabilities and fund balances</b> | <u>\$ 4,117</u>                   |                    |  |
| <b>Net assets (deficit)</b>                |                                   |                    |  |
| Unrestricted                               |                                   | \$ (764,829)       | <u>\$ (764,829)</u>                    |

# CITY OF IONIA

## LOCAL DEVELOPMENT FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2008**

|   | Governmental<br>Fund Type |                 | Statement<br>of<br>Net Assets |
|---|---------------------------|-----------------|-------------------------------|
|   | General<br>Fund           | Adjustments     |                               |
| <b>Revenues</b>   |                           |                 |                               |
| Taxes   | \$ 15,179                 | \$ -            | \$ 15,179                     |
| Interest  | 561                       | -               | 561                           |
| <b>Total revenues</b>                                       | <u>15,740</u>             | <u>-</u>        | <u>15,740</u>                 |
| <b>Expenditures/expenses</b>                                |                           |                 |                               |
| Current   |                           |                 |                               |
| Miscellaneous   | 900                       | -               | 900                           |
| Debt Service  |                           |                 |                               |
| Principal   | 14,700                    | (14,700)        | -                             |
| Interest  | 37,294                    | -               | 37,294                        |
| <b>Total expenditures/expenses</b>                          | <u>52,894</u>             | <u>(14,700)</u> | <u>38,194</u>                 |
| Revenues over (under) expenditures/expenses                 | <u>(37,154)</u>           | <u>(14,700)</u> | <u>(22,454)</u>               |
| Other financing sources (uses)                              |                           |                 |                               |
| Issuance of loan  | 37,294                    | (37,294)        | -                             |
| Transfers in  | -                         | -               | -                             |
| Transfers out   | -                         | -               | -                             |
| <b>Total other financing sources (uses)</b>                 | <u>37,294</u>             | <u>(37,294)</u> | <u>-</u>                      |
| Net changes in fund balances                                | 140                       | (140)           |                               |
| Change in net assets  |                           | 22,454          | (22,454)                      |
| <b>Fund balances/net assets(deficit), beginning of year</b> | <u>7</u>                  |                 | <u>(742,375)</u>              |
| <b>Fund balances/net assets(deficit), end of year</b>       | <u>\$ 147</u>             |                 | <u>\$ (764,829)</u>           |

# CITY OF IONIA

## BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

|  | <u>Governmental<br/>Fund Type</u> |                    | <u>Statement<br/>of<br/>Net Assets</u> |
|--|-----------------------------------|--------------------|--|
|  | <u>General<br/>Fund</u>           | <u>Adjustments</u> |  |
| <b>Assets</b>                              |                                   |                    |  |
| Cash and pooled investments                | \$ 505                            | \$ -               | \$ 505                                 |
| <b>Total assets</b>                        | <u>\$ 505</u>                     | <u>-</u>           | <u>505</u>                             |
| <b>Liabilities and fund balances</b>       |                                   |                    |  |
| <b>Liabilities</b>                         |                                   |                    |  |
| Accounts payable                           | \$ -                              | -                  | -                                      |
| Accrued liabilities                        | -                                 | -                  | -                                      |
| Deferred revenue                           | -                                 | -                  | -                                      |
| Noncurrent liabilities                     |                                   |                    |  |
| Due within one year                        | -                                 | -                  | -                                      |
| Due in more than one year                  | -                                 | -                  | -                                      |
| <b>Total liabilities</b>                   | -                                 | -                  | -                                      |
| <b>Fund balances</b>                       |                                   |                    |  |
| Unreserved                                 |                                   |                    |  |
| Undesignated                               | <u>505</u>                        | <u>(505)</u>       | -                                      |
| <b>Total liabilities and fund balances</b> | <u>\$ 505</u>                     |                    |  |
| <b>Net assets</b>                          |                                   |                    |  |
| Unrestricted                               |                                   | <u>\$ 505</u>      | <u>\$ 505</u>                          |

# CITY OF IONIA

## BROWNFIELD REDEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <u>Governmental<br/>Fund Type</u> |                    |  |
|--|-----------------------------------|--------------------|--|
|  | <u>General<br/>Fund</u>           | <u>Adjustments</u> | <u>Statement<br/>of<br/>Net Assets</u> |
| <b>Revenues</b>                                    |                                   |                    |  |
| Taxes  | \$ 29,606                         | \$ -               | \$ 29,606                              |
| Interest   | <u>320</u>                        | <u>-</u>           | <u>320</u>                             |
| <b>Total revenues/expenses</b>                     | <u>29,926</u>                     | <u>-</u>           | <u>29,926</u>                          |
| <b>Expenditures</b>                                |                                   |                    |  |
| Current  |                                   |                    |  |
| Contractual  | 29,606                            | -                  | 29,606                                 |
| Debt Service                                       |                                   |                    |  |
| Principal  | -                                 | -                  | -                                      |
| Interest   | <u>-</u>                          | <u>-</u>           | <u>-</u>                               |
| <b>Total expenditures/expenses</b>                 | <u>29,606</u>                     | <u>-</u>           | <u>29,606</u>                          |
| Revenues over (under) expenditures/expenses        | <u>320</u>                        | <u>-</u>           | <u>320</u>                             |
| Other financing sources (uses)                     |                                   |                    |  |
| Transfers in                                       | -                                 | -                  | -                                      |
| Transfers out                                      | <u>-</u>                          | <u>-</u>           | <u>-</u>                               |
| Total other financing sources (uses)               | <u>-</u>                          | <u>-</u>           | <u>-</u>                               |
| Net changes in fund balances                       | 320                               | (320)              |  |
| Change in net assets                               |                                   | (320)              | 320                                    |
| <b>Fund balances/net assets, beginning of year</b> | <u>185</u>                        |                    | <u>185</u>                             |
| <b>Fund balances/net assets, end of year</b>       | <u>\$ 505</u>                     |                    | <u>\$ 505</u>                          |

## **STATISTICAL SECTION**

# CITY OF IONIA

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF LOCAL REVENUES (1)

FOR THE YEAR ENDED JUNE 30, 2008

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|                             | <u>7/1/07 to</u><br><u>9/30/2007</u> | <u>10/1/07 to</u><br><u>6/30/2008</u> | <u>Total</u>      |
|-----------------------------|--------------------------------------|---------------------------------------|-------------------|
| Demand response (farebox)   |                                      |                                       |                   |
| Regular service             | \$ 14,922                            | \$ 55,421                             | \$ 70,343         |
| School services             | -                                    | 36,347                                | 36,347            |
| Special events              | -                                    | 1,547                                 | 1,547             |
| Property tax levy           | 64,618                               | 9,171                                 | 73,789            |
| Local participation         | 2,250                                | 6,750                                 | 9,000             |
| Interest income             | -                                    | 2,373                                 | 2,373             |
| Miscellaneous               | <u>1,904</u>                         | <u>29,513</u>                         | <u>31,417</u>     |
| <b>Total local revenues</b> | <u>\$ 83,694</u>                     | <u>\$ 141,122</u>                     | <u>\$ 224,816</u> |

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF LOCAL REVENUES (1A)

FOR THE YEAR ENDED SEPTEMBER 30, 2007

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|                             | <u>10/1/06 to</u><br><u>6/30/2007</u> | <u>7/1/07 to</u><br><u>9/30/2007</u> | <u>Total</u>      |
|-----------------------------|---------------------------------------|--------------------------------------|-------------------|
| Local revenue               |                                       |                                      |                   |
| Demand response (farebox)   |                                       |                                      |                   |
| Regular service             | \$ 56,772                             | \$ 14,922                            | \$ 71,694         |
| School services             | 54,531                                | -                                    | 54,531            |
| Property tax levy           | 30,360                                | 64,618                               | 94,978            |
| Local participation         | 8,625                                 | 2,250                                | 10,875            |
| Interest income             | 4,357                                 | -                                    | 4,357             |
| Miscellaneous               | -                                     | 1,904                                | 1,904             |
| Contributions               | <u>543</u>                            | <u>-</u>                             | <u>543</u>        |
| <b>Total local revenues</b> | <u>\$ 155,188</u>                     | <u>\$ 83,694</u>                     | <u>\$ 238,882</u> |

**CITY OF IONIA**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)**

**FOR THE YEAR ENDED JUNE 30, 2008**

| Federal and State Grantor/Pass-Through Grantor/Program Title   | Federal CFDA Number | Grant No. Authorization Number | Program Award Amount | Current year expenditures |            |            | Prior Year's Extended | Award Amount Remaining |
|--|---------------------|--------------------------------|----------------------|---------------------------|------------|------------|-----------------------|------------------------|
|  |                     |                                |                      | Total                     | Federal    | State      |                       |                        |
| U.S. Department of transportation                              |                     |                                |                      |                           |            |            |                       |                        |
| Passed through Michigan Department of Transportation           |                     |                                |                      |                           |            |            |                       |                        |
| Operating assistance - section 5311 - 2005 reconciliation      | 20.509              | Prior years                    | \$ -                 | \$ (3,086)                | \$ (3,086) | \$ -       | \$ -                  | \$ -                   |
| Operating assistance - section 5311 - 2006 reconciliation      | 20.509              | Prior year                     | -                    | (1,134)                   | (1,134)    | -          | -                     | -                      |
| Operating assistance - section 5311 - current year receipts    | 20.509              | 07-0231/Z23                    | 91,545               | 48,023                    | 48,023     | -          | -                     | -                      |
| Operating assistance - section 5311 - Prior year accrual       | 20.509              | 07-0231/Z23                    | -                    | (20,919)                  | (20,919)   | -          | -                     | -                      |
| Operating assistance - section 5311 - current year receipts    | 20.509              | 07-0231/Z26                    | 86,440               | 41,869                    | 41,869     | -          | -                     | -                      |
| Operating assistance - section 5311 - Prior year accrual       | 20.509              | 07-0231/Z26                    | -                    | 21,535                    | 21,535     | -          | -                     | -                      |
| RTAP funding   | 20.509              | N/A                            | -                    | 1,212                     | 1,212      | -          | -                     | -                      |
| Capital grant - section 5309 - reconciliation                  | 20.500              | 02-0050/Z3                     | -                    | 218                       | 218        | -          | -                     | -                      |
| Capital grant - section 5309 - bus grant                       | 20.500              | 02-0050/Z17                    | 122,000              | 117,097                   | 117,097    | -          | -                     | -                      |
| Capital grant - section 5309 - communications equip            | 20.500              | 02-0050/Z17                    | 112,311              | 120,956                   | 120,956    | -          | -                     | -                      |
| Capital grant - section 5309 - communications equip PY accrual | 20.500              | 02-0050/Z17                    | -                    | (118,378)                 | (118,378)  | -          | -                     | -                      |
| Capital grant - section 5309 - administrative vehicle          | 20.500              | 02-0050/Z17                    | 20,560               | 19,009                    | 19,009     | -          | -                     | -                      |
| Total passed through Michigan Department of Transportation     |                     |                                | 432,856              | 226,402                   | 226,402    | -          | -                     | -                      |
| Michigan Department of Transportation                          |                     |                                |                      |                           |            |            |                       |                        |
| Operating assistance - Act 51 - final audit payback            | N/A                 | FY04                           | -                    | 140                       | -          | 140        | -                     | -                      |
| Operating assistance - Act 51 - final audit payback            | N/A                 | FY05                           | -                    | 3,723                     | -          | 3,723      | -                     | -                      |
| Operating assistance - Act 51 - final audit payback            | N/A                 | FY06                           | -                    | (9,478)                   | -          | (9,478)    | -                     | -                      |
| Operating assistance - Act 51 - current year receipts          | N/A                 | FY07                           | -                    | 51,994                    | -          | 51,994     | -                     | -                      |
| Operating assistance - Act 51 - current year deferrals         | N/A                 | FY07                           | -                    | 18,905                    | -          | 18,905     | -                     | -                      |
| Operating assistance - Act 51 - current year receipts          | N/A                 | FY07                           | -                    | 155,295                   | -          | 155,295    | -                     | -                      |
| Commission on Aging Contract                                   | N/A                 | 07-0231 Z1                     | 21,507               | 10,755                    | -          | 10,755     | -                     | -                      |
| Commission on Aging Contract                                   | N/A                 | 07-0231 Z5                     | 21,507               | 10,204                    | -          | 10,204     | -                     | -                      |
| Job access - current year receipts                             | N/A                 | 07-0050/Z6                     | 82,878               | 12,944                    | -          | 12,944     | -                     | -                      |
| Job access - prior year accrual                                | N/A                 | 07-0050/Z6                     | -                    | (13,504)                  | -          | (13,504)   | -                     | -                      |
| Job access   | N/A                 | 07-0050/Z2                     | 34,362               | 26,856                    | -          | 26,856     | -                     | -                      |
| Job access - current year receipts                             | N/A                 | 07-0231/Z7                     | 31,200               | 19,663                    | -          | 19,663     | -                     | -                      |
| Job access - prior year accrual                                | N/A                 | 07-0231/Z7                     | -                    | 12,733                    | -          | 12,733     | -                     | -                      |
| Section 5309 - capital grant - bus grant                       | N/A                 | 02-0050/Z17                    | 30,500               | 29,274                    | -          | 29,274     | -                     | -                      |
| Total Operating Assistance - Act 51                            |                     |                                | 221,864              | 329,604                   | -          | 329,604    | -                     | -                      |
| Total  |                     |                                | \$ 555,806           | \$ 226,402                | \$ 226,402 | \$ 329,504 | \$ -                  | \$ -                   |



**CITY OF IONIA**

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)**

**FOR THE YEAR ENDED JUNE 30, 2008**

|  | <u>7/1/07 to<br/>9/30/2007</u> | <u>10/1/07 to<br/>6/30/2008</u> | <u>Total</u>      |
|--|--------------------------------|---------------------------------|-------------------|
| Michigan Department of Transportation                              |                                |                                 |                   |
| Formula operating assistance (Act 51) - FY04 final audit           | \$ -                           | \$ 140                          | \$ 140            |
| Formula operating assistance (Act 51) - FY05 final audit           | -                              | 3,723                           | 3,723             |
| Formula operating assistance (Act 51) - FY06 current year payback  | (2,370)                        | (7,108)                         | (9,478)           |
| Formula operating assistance (Act 51) - FY07 current year receipts | 51,994                         | -                               | 51,994            |
| Formula operating assistance (Act 51) - FY07 current year accrual  | -                              | 18,905                          | 18,905            |
| Formula operating assistance (Act 51) - FY08 current year receipts | -                              | 155,295                         | 155,295           |
| Commission on Aging contract 07-0231 Z/1                           | 10,755                         | -                               | 10,755            |
| Commission on Aging contract 07-0231 Z/5                           | -                              | 10,204                          | 10,204            |
| Job access 02-0050/Z6  | 12,944                         | -                               | 12,944            |
| Job access 02-0050/Z6 - prior year accrual                         | (13,504)                       | -                               | (13,504)          |
| Job access 07-0231/Z2  | 560                            | 26,296                          | 26,856            |
| Job access 07-0231/Z7 - current year receipts                      | -                              | 19,663                          | 19,663            |
| Job access 07-0231/Z7 - current year accrual                       | -                              | 12,733                          | 12,733            |
| Section 5309 - Capital grant 02-0050/Z17 - bus grant               | -                              | 29,274                          | 29,274            |
| <b>Total Michigan Department of Transportation</b>                 | <u>60,379</u>                  | <u>269,125</u>                  | <u>329,504</u>    |
| Federal grants   |                                |                                 |                   |
| Section 5311 FY 2005 reconciliation                                | -                              | (3,086)                         | (3,086)           |
| Section 5311 FY 2006 reconciliation                                | -                              | (1,134)                         | (1,134)           |
| Section 5311 grant 07-0231/Z3 - current year receipts              | 23,862                         | 24,161                          | 48,023            |
| Section 5311 grant 07-0231/Z3 - prior year accrual                 | (20,919)                       | -                               | (20,919)          |
| Section 5311 grant 07-0231/Z6 - current year receipts              | -                              | 41,869                          | 41,869            |
| Section 5311 grant 07-0231/Z6 - current year accrual               | -                              | 21,535                          | 21,535            |
| RTAP funding   | 604                            | 608                             | 1,212             |
| Capital grant 02-0050/Z3 reconciliation                            | -                              | 218                             | 218               |
| Section 5309 - Capital grant 02-0050/Z17 - bus grant               | -                              | 117,097                         | 117,097           |
| Section 5309 - Capital grant 02-0050/Z17 - communications equip    | -                              | 120,956                         | 120,956           |
| Section 5309 - Capital grant 02-0050/Z17 - communications equip    | -                              | (118,378)                       | (118,378)         |
| Section 5309 - Capital grant 02-0050/Z17 - administrative vehicle  | -                              | 19,009                          | 19,009            |
| <b>Total federal grants</b>  | <u>3,547</u>                   | <u>222,855</u>                  | <u>226,402</u>    |
| <b>Total</b>   | <u>\$ 63,926</u>               | <u>\$ 491,980</u>               | <u>\$ 555,906</u> |

**DIAL-A-RIDE TRANSIT FUND  
SCHEDULE OF STATE AND FEDERAL AWARDS (2B)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

|  | <u>10/1/06 to<br/>6/30/2007</u> | <u>7/1/07 to<br/>9/30/2007</u> | <u>Total</u>      |
|--|---------------------------------|--------------------------------|-------------------|
| Michigan Department of Transportation                              |                                 |                                |                   |
| Ionia County Commission on Aging                                   | \$ 10,752                       | \$ -                           | \$ 10,752         |
| Job Access - service expansion                                     | 17,181                          | -                              | 17,181            |
| Formula operating assistance (Act 51) - prior years reconciliation | (15,928)                        | -                              | (15,928)          |
| Formula operating assistance (Act 51) - FY06 current year payback  | -                               | (2,370)                        | (2,370)           |
| Formula operating assistance (Act 51) - FY07 current year receipts | 155,979                         | 51,994                         | 207,973           |
| Commission on Aging contract 07-0231 Z/1                           | -                               | 10,755                         | 10,755            |
| Job access 02-0050/Z6  | -                               | 12,944                         | 12,944            |
| Job access 02-0050/Z6 - prior year accrual                         | -                               | (13,504)                       | (13,504)          |
| Job access 07-0231/Z2  | -                               | 560                            | 560               |
| <b>Total Michigan Department of Transportation</b>                 | <u>167,984</u>                  | <u>60,379</u>                  | <u>228,363</u>    |
| Federal grants   |                                 |                                |                   |
| Job Access - service expansion                                     | 17,181                          | -                              | 17,181            |
| Section 5311 grant 02-0016/Z7 - current year receipts              | 64,441                          | 23,862                         | 88,303            |
| Section 5311 grant 07-0231/Z3 - prior year accrual                 | -                               | (20,919)                       | (20,919)          |
| RTAP funding   | 293                             | 604                            | 897               |
| <b>Total federal grants</b>  | <u>81,915</u>                   | <u>3,547</u>                   | <u>85,462</u>     |
| <b>Total</b>   | <u>\$ 249,899</u>               | <u>\$ 63,926</u>               | <u>\$ 313,825</u> |

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**SCHEDULE OF NONURBAN REGULAR SERVICE REVENUES 4R**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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|  | <u><b>Total</b></u>      |
|--|--------------------------|
| <b>Local revenue</b>   |                          |
| Demand response (farebox)  |                          |
| Regular service  | \$ 71,694                |
| School services  | 54,531                   |
| Property tax levy  | 94,978                   |
| Local participation  | 10,875                   |
| Interest income  | 4,357                    |
| Miscellaneous  | 1,904                    |
| Contributions  | <u>543</u>               |
| <b>Total local revenues</b>  | <u>238,882</u>           |
| <b>State and Federal revenue</b>                                   |                          |
| Michigan Department of Transportation                              |                          |
| Formula operating assistance (Act 51) - prior years reconciliation | (15,928)                 |
| Formula operating assistance (Act 51) - FY06 current year payback  | (2,370)                  |
| Formula operating assistance (Act 51) - FY07 current year receipts | <u>207,973</u>           |
| Total Michigan Department of Transportation                        | <u>189,675</u>           |
| Federal grants   |                          |
| Section 5311 grant 02-0016/Z7 - current year receipts              | 88,303                   |
| Section 5311 grant 07-0231/Z3 - prior year accrual                 | (20,919)                 |
| RTAP funding   | <u>897</u>               |
| Total federal grants   | <u>68,281</u>            |
| <b>Total</b>   | <u><b>\$ 496,838</b></u> |

# CITY OF BELDING

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)

**FOR THE YEAR ENDED JUNE 30, 2008**

|                                 | <u>Nonurban</u>          | <u>JARC</u>             | <u>Specialized<br/>Services</u> | <u>Total<br/>System</u>  |
|---------------------------------|--------------------------|-------------------------|---------------------------------|--------------------------|
| <b>Operating expenses</b>       |                          |                         |                                 |                          |
| Labor                           |                          |                         |                                 |                          |
| Salaries and wages              | \$ 305,042               | \$ 5,568                | \$ -                            | \$ 310,610               |
| Fringe benefits                 | 96,279                   | -                       | -                               | 96,279                   |
| Services                        |                          |                         |                                 |                          |
| Other services                  | 77,353                   | 50,697                  | 20,959                          | 149,009                  |
| Materials and supplies          |                          |                         |                                 |                          |
| Fuel                            | 49,843                   | 2,426                   | -                               | 52,269                   |
| Other materials and supplies    | 6,218                    | -                       | -                               | 6,218                    |
| Casualty and liability costs    |                          |                         |                                 |                          |
| Insurance                       | 9,873                    | -                       | -                               | 9,873                    |
| Utilities                       | 32,276                   | -                       | -                               | 32,276                   |
| Miscellaneous                   | 2,424                    | -                       | -                               | 2,424                    |
| Depreciation                    | <u>157,101</u>           | <u>-</u>                | <u>-</u>                        | <u>157,101</u>           |
| <b>Total operating expenses</b> | <b><u>\$ 736,409</u></b> | <b><u>\$ 58,691</u></b> | <b><u>\$ 20,959</u></b>         | <b><u>\$ 816,059</u></b> |

The methodology identified in the cost allocation plan approved by the Michigan Department of Transportation was followed for indirect costs included above in the services category.

The following cost allocation plans are utilized by the Dial-a-Ride:

- 2007 Federal/State work related programs
- 2007 Specialized services
- 2008 JARC

# CITY OF IONIA

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSES SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)

**FOR THE YEAR ENDED JUNE 30, 2008**

|                              | Nonurban               |                         |                   | JARC 07-0231/Z2        |                         |                  |
|------------------------------|------------------------|-------------------------|-------------------|------------------------|-------------------------|------------------|
|                              | 7/1/07 to<br>9/30/2007 | 10/1/07 to<br>6/30/2008 | Total             | 7/1/07 to<br>9/30/2007 | 10/1/07 to<br>6/30/2008 | Total            |
| <b>Expenses</b>              |                        |                         |                   |                        |                         |                  |
| Labor                        | \$ 98,657              | \$ 206,385              | \$ 305,042        | \$ 1,520               | \$ -                    | \$ 1,520         |
| Fringe benefits              | 25,704                 | 70,575                  | 96,279            | -                      | -                       | -                |
| Service                      | 3,610                  | 73,743                  | 77,353            | 23,481                 | -                       | 23,481           |
| Materials and supplies       | 10,101                 | 45,960                  | 56,061            | 1,295                  | -                       | 1,295            |
| Casualty and liability costs | -                      | 9,873                   | 9,873             | -                      | -                       | -                |
| Utilities                    | 6,844                  | 25,432                  | 32,276            | -                      | -                       | -                |
| Miscellaneous                | -                      | 2,424                   | 2,424             | -                      | -                       | -                |
| Depreciation                 | 34,027                 | 123,074                 | 157,101           | -                      | -                       | -                |
| <b>Total expenses</b>        | <b>\$ 178,943</b>      | <b>\$ 557,466</b>       | <b>\$ 736,409</b> | <b>\$ 26,296</b>       | <b>\$ -</b>             | <b>\$ 26,296</b> |

  

|                              | JARC 07-0231/Z7        |                         |                  | Specialized services 07-0231/Z1 |                         |                  |
|------------------------------|------------------------|-------------------------|------------------|---------------------------------|-------------------------|------------------|
|                              | 7/1/07 to<br>9/30/2007 | 10/1/07 to<br>6/30/2008 | Total            | 7/1/07 to<br>9/30/2007          | 10/1/07 to<br>6/30/2008 | Total            |
| <b>Expenses</b>              |                        |                         |                  |                                 |                         |                  |
| Labor                        | \$ -                   | \$ 4,048                | \$ 4,048         | \$ -                            | \$ -                    | \$ -             |
| Fringe benefits              | -                      | -                       | -                | -                               | -                       | -                |
| Service                      | -                      | 27,216                  | 27,216           | 10,755                          | -                       | 10,755           |
| Materials and supplies       | -                      | 1,131                   | 1,131            | -                               | -                       | -                |
| Casualty and liability costs | -                      | -                       | -                | -                               | -                       | -                |
| Utilities                    | -                      | -                       | -                | -                               | -                       | -                |
| Miscellaneous                | -                      | -                       | -                | -                               | -                       | -                |
| Depreciation                 | -                      | -                       | -                | -                               | -                       | -                |
| <b>Total expenses</b>        | <b>\$ -</b>            | <b>\$ 32,395</b>        | <b>\$ 32,395</b> | <b>\$ 10,755</b>                | <b>\$ -</b>             | <b>\$ 10,755</b> |

  

|                              | Specialized services 07-0231/Z5 |                         |                  |
|------------------------------|---------------------------------|-------------------------|------------------|
|                              | 7/1/07 to<br>9/30/2007          | 10/1/07 to<br>6/30/2008 | Total            |
| <b>Expenses</b>              |                                 |                         |                  |
| Labor                        | \$ -                            | \$ -                    | \$ -             |
| Fringe benefits              | -                               | -                       | -                |
| Service                      | -                               | 10,204                  | 10,204           |
| Materials and supplies       | -                               | -                       | -                |
| Casualty and liability costs | -                               | -                       | -                |
| Utilities                    | -                               | -                       | -                |
| Miscellaneous                | -                               | -                       | -                |
| Depreciation                 | -                               | -                       | -                |
| <b>Total expenses</b>        | <b>\$ -</b>                     | <b>\$ 10,204</b>        | <b>\$ 10,204</b> |

# CITY OF IONIA

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSES FOR FISCAL YEAR ENDING SEPTEMBER 30, 2007 (3B)

|                              | Nonurban                |                        |                   | JARC 07-0231/Z2         |                        |                  |
|------------------------------|-------------------------|------------------------|-------------------|-------------------------|------------------------|------------------|
|                              | 10/1/06 to<br>6/30/2007 | 7/1/07 to<br>9/30/2007 | Total             | 10/1/06 to<br>6/30/2007 | 7/1/07 to<br>9/30/2007 | Total            |
| <b>Expenses</b>              |                         |                        |                   |                         |                        |                  |
| Labor                        | \$ 218,006              | \$ 98,657              | \$ 316,663        | \$ 8,750                | \$ 1,520               | \$ 10,270        |
| Fringe benefits              | 82,230                  | 25,704                 | 107,934           | -                       | -                      | -                |
| Service                      | 24,975                  | 3,610                  | 28,585            | 21,406                  | 23,481                 | 44,887           |
| Materials and supplies       | 39,405                  | 10,101                 | 49,506            | 4,206                   | 1,295                  | 5,501            |
| Casualty and liability costs | 9,931                   | -                      | 9,931             | -                       | -                      | -                |
| Utilities                    | 19,141                  | 6,844                  | 25,985            | -                       | -                      | -                |
| Miscellaneous                | 9,858                   | -                      | 9,858             | -                       | -                      | -                |
| Depreciation                 | 104,289                 | 34,027                 | 138,316           | -                       | -                      | -                |
| <b>Total expenses</b>        | <b>\$ 507,835</b>       | <b>\$ 178,943</b>      | <b>\$ 686,778</b> | <b>\$ 34,362</b>        | <b>\$ 26,296</b>       | <b>\$ 60,658</b> |

  

|                              | JARC 07-0231/Z7         |                        |             | Specialized services 07-0231/Z1 |                        |                  |
|------------------------------|-------------------------|------------------------|-------------|---------------------------------|------------------------|------------------|
|                              | 10/1/06 to<br>6/30/2007 | 7/1/07 to<br>9/30/2007 | Total       | 10/1/06 to<br>6/30/2007         | 7/1/07 to<br>9/30/2007 | Total            |
| <b>Expenses</b>              |                         |                        |             |                                 |                        |                  |
| Labor                        | \$ -                    | \$ -                   | \$ -        | \$ -                            | \$ -                   | \$ -             |
| Fringe benefits              | -                       | -                      | -           | -                               | -                      | -                |
| Service                      | -                       | -                      | -           | 10,752                          | 10,755                 | 21,507           |
| Materials and supplies       | -                       | -                      | -           | -                               | -                      | -                |
| Casualty and liability costs | -                       | -                      | -           | -                               | -                      | -                |
| Utilities                    | -                       | -                      | -           | -                               | -                      | -                |
| Miscellaneous                | -                       | -                      | -           | -                               | -                      | -                |
| Depreciation                 | -                       | -                      | -           | -                               | -                      | -                |
| <b>Total expenses</b>        | <b>\$ -</b>             | <b>\$ -</b>            | <b>\$ -</b> | <b>\$ 10,752</b>                | <b>\$ 10,755</b>       | <b>\$ 21,507</b> |

# CITY OF IONIA

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF NONURBAN REGULAR SERVICE EXPENSES (4E)

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

|                                  | <u>Operations</u> | <u>Maintenance</u> | <u>General<br/>Administration</u> | <u>Total<br/>System</u> |
|----------------------------------|-------------------|--------------------|-----------------------------------|-------------------------|
| <b>Operating expenses</b>        |                   |                    |                                   |                         |
| Labor                            |                   |                    |                                   |                         |
| Salaries and wages               | \$ 283,484        | \$ 8,528           | \$ 24,651                         | \$ 316,663              |
| Fringe benefits                  | 98,020            | 2,626              | 7,288                             | 107,934                 |
| Services                         |                   |                    |                                   |                         |
| Audit costs                      | -                 | -                  | 2,200                             | 2,200                   |
| Other services                   | 8,330             | 12,919             | 5,136                             | 26,385                  |
| Materials and supplies           |                   |                    |                                   |                         |
| Fuel                             | 41,137            | -                  | -                                 | 41,137                  |
| Other materials and supplies     | 3,378             | 3,912              | 1,079                             | 8,369                   |
| Insurance                        |                   |                    |                                   |                         |
| Liability                        | -                 | -                  | 833                               | 833                     |
| Other                            | 9,098             | -                  | -                                 | 9,098                   |
| Utilities                        | -                 | -                  | 25,985                            | 25,985                  |
| Miscellaneous                    | 8,472             | -                  | 1,386                             | 9,858                   |
| Depreciation                     | -                 | -                  | 138,316                           | 138,316                 |
| <b>Total operating expenses</b>  | <u>\$ 451,919</u> | <u>\$ 27,985</u>   | <u>\$ 206,874</u>                 | <u>686,778</u>          |
| <b>Ineligible expenses</b>       |                   |                    |                                   |                         |
| Ineligible depreciation          | -                 | -                  | 138,001                           | 138,001                 |
| RTAP                             | -                 | -                  | 896                               | 896                     |
| <b>Total ineligible expenses</b> | <u>\$ -</u>       | <u>\$ -</u>        | <u>\$ 138,897</u>                 | <u>138,897</u>          |
| <b>Total eligible expenses</b>   |                   |                    |                                   | <u>\$ 547,881</u>       |

# CITY OF IONIA

## DIAL-A-RIDE TRANSIT FUND SCHEDULE OF JARC SERVICE EXPENSES (4E)

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

|                                  | <u>Operations</u> | <u>Maintenance</u> | <u>General<br/>Administration</u> | <u>Total<br/>System</u> |
|----------------------------------|-------------------|--------------------|-----------------------------------|-------------------------|
| <b>Operating expenses</b>        |                   |                    |                                   |                         |
| Labor                            |                   |                    |                                   |                         |
| Salaries and wages               | \$ 9,915          | \$ 355             | \$ -                              | \$ 10,270               |
| Fringe benefits                  | -                 | -                  | -                                 | -                       |
| Services                         |                   |                    |                                   |                         |
| Audit costs                      |                   |                    | -                                 | -                       |
| Other services                   | 1,060             | -                  | 43,827                            | 44,887                  |
| Materials and supplies           |                   |                    |                                   |                         |
| Fuel                             | 5,501             | -                  | -                                 | 5,501                   |
| Other materials and supplies     | -                 | -                  | -                                 | -                       |
| Insurance                        |                   |                    |                                   |                         |
| Liability                        | -                 | -                  | -                                 | -                       |
| Other                            | -                 | -                  | -                                 | -                       |
| Utilities                        | -                 | -                  | -                                 | -                       |
| Miscellaneous                    | -                 | -                  | -                                 | -                       |
| Depreciation                     | -                 | -                  | -                                 | -                       |
| <b>Total operating expenses</b>  | <u>\$ 16,476</u>  | <u>\$ 355</u>      | <u>\$ 43,827</u>                  | <u>60,658</u>           |
| <b>Ineligible expenses</b>       |                   |                    |                                   |                         |
| Ineligible depreciation          | -                 | -                  | -                                 | -                       |
| RTAP                             | -                 | -                  | -                                 | -                       |
| <b>Total ineligible expenses</b> | <u>\$ -</u>       | <u>\$ -</u>        | <u>\$ -</u>                       | <u>-</u>                |
| <b>Total eligible expenses</b>   |                   |                    |                                   | <u>\$ 60,658</u>        |

**CITY OF IONIA**  
**DIAL-A-RIDE TRANSIT FUND**  
**OPERATING ASSISTANCE CALCULATION (5)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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|  | <b><u>Nonurban</u></b>       |
|--|------------------------------|
| <b>State eligible expenses</b>                 |                              |
| Labor  | \$ 316,663                   |
| Fringe benefits                                | 107,934                      |
| Service  | 28,585                       |
| Materials and supplies                         | 49,506                       |
| Casualty and liability costs                   | 9,931                        |
| Utilities                                      | 25,985                       |
| Miscellaneous                                  | 9,858                        |
| Depreciation                                   | <u>138,316</u>               |
| <b>Total expenses</b>                          | <u>686,778</u>               |
| <b>Less ineligible expenses</b>                |                              |
| Depreciation                                   | 138,001                      |
| Federal grants - RTAP                          | <u>896</u>                   |
| <b>Total ineligible expenses</b>               | <u>138,897</u>               |
| <b>State eligible expenses</b>                 | <u>\$ 547,881</u>            |
| <br><b>State operating assistance - 40.03%</b> | <br><b><u>\$ 219,352</u></b> |
| <b>Federal eligible expenses</b>               |                              |
| State eligible expenses                        | \$ 547,881                   |
| Less additional federal ineligible expenses    |                              |
| Audit costs                                    | <u>2,200</u>                 |
| <b>Federal eligible expenses</b>               | <u>\$ 545,681</u>            |
| <b>Setion 5311 reimbursement -17%</b>          | <b><u>\$ 92,766</u></b>      |



# CITY OF IONIA

## ***DIAL-A-RIDE TRANSIT FUND SCHEDULE OF NONFINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2007***

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| <b><u>NONURBAN REGULAR SERVICE</u></b>              |                       |                        |                      |                     |
|---|-----------------------|------------------------|----------------------|---------------------|
|   | <b><u>Weekday</u></b> | <b><u>Saturday</u></b> | <b><u>Sunday</u></b> | <b><u>Total</u></b> |
| Vehicle miles                                       | <u>120,338</u>        | <u>3,784</u>           | <u>-</u>             | <u>124,122</u>      |
| <br><b><u>JOB ACCESS REVERSE COMMUTE (JARC)</u></b> |                       |                        |                      |                     |
| Vehicle miles                                       | <u>19,675</u>         | <u>-</u>               | <u>-</u>             | <u>19,675</u>       |

The Methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.